EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No. 31,089 Weekend March 3/March 4 1990 D 8523A

WORLD NEWS

Mandela elected to ANC post

Freed anti-apartheid campaigner Nelson Mandela was elected deputy president of the African National Congress, confirming him as the organisation's most influential leader. President Oliver Tambo is recovering from a stroke in a Stockholm clinic.

The national executive committee announced the headquarters of the ANC would be moved from Lusaka, its exiled base, to Johannesburg "without delay" and other offices opened throughout South Africa. The movement also made clear its desire to maintain the momentum towards constitutional talks with the Government, saying it was seeking urgent contact with Pretoria. Page 2

Kashmir curfew
Kashmir's summer capital Srinagar and all neighbouring towns were placed under indefinite curfew after Indian security forces fired on demonstrators shouting pro-independence slogans. Page 2

Poland border plan
West German Chancellor Helmut Kohl said that formal acceptance of the existing German-Polish border should be dependent on Poland renouncing World War Two reparations claims against Germany. Page 22

Japan's wider role
Prime Minister Toshiki Kaifu pledged Japan would take a bigger international political role, but warned it must first settle its economic differences with the US. Page 3

Flood victims return
Victims of flooding in North Wales returned to their homes to inspect damage. Some residents may have to wait weeks before drainage systems and major services can be reinstated. The Prince of Wales made a "significant" donation to a fund set up by Colwyn Borough Council to help flood victims. Global warming, Insurance companies, Page 4; Weather, Page 22

Ex-soldier made guns
Former UDR soldier Samuel McCoubrey was convicted at Belfast Crown Court of running a Loyalist arms factory at his engineering works in Ballynahinch, County Down. He claimed he was threatened with death and forced to produce more than 100 sten guns and components for up to 1,000 sub-machine guns.

AIDS drug tests
A new AIDS drug is to be evaluated in Britain over the next 18 months in a series of tests on 300 patients at several hospitals. The medicine could gain a government product licence by mid-1991. Page 4

Rent arrears double
Council rent arrears in Wales are almost double those of two years ago and are still rising, a survey among the 37 district councils shows. More than £9 million is owed. Councils blame changes to housing benefit rules last April.

Rushdie talk cancelled
A lecture in Bradford, West Yorkshire, to discuss Salman Rushdie's novel The Satanic Verses, has been cancelled after a senior lecturer received a death threat. The remaining programme is being reviewed.

Bridge centenary
The Forth Rail Bridge near Edinburgh celebrates its centenary tomorrow. It cost £3m and claimed the lives of 57 construction workers during seven years of building. The centenary will be celebrated by £30-a-head steam train excursions across the bridge and will end in October with a fireworks and laser show.

Lloyd George death
Lady Olwen Carey-Evans, last surviving daughter of former Liberal Prime Minister David Lloyd George, has died, aged 97.

BUSINESS SUMMARY

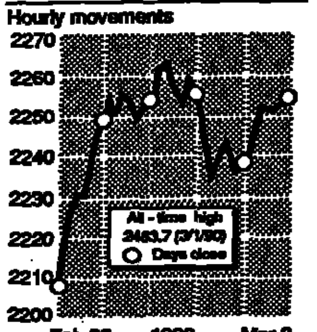
Lyons wrote to PM over Guinness bid

Sir Jack Lyons, millionaire financier, made a personal appeal to Margaret Thatcher on Guinness's behalf during its 1986 takeover battle for Distillers, the Guinness trial was told.

Sir Jack asked the Prime Minister to take steps leading to "an even-handed" decision on referral of Guinness's second bid for Distillers to the Monopolies and Mergers Commission. Page 22

FT-SE 100 index advanced cautiously to end the day 16.4 points higher at 2,254.8, to end the week 18 points higher. London Stock Exchange, Page 13

FT-SE 100 Index
Hourly movements



BRITISH Aerospace employees at two factories voted by a narrow majority to end 17-week-old strikes which have brought production at Airbus, the European aircraft consortium, to a standstill. Page 22; Winner of a costly 37th hour victory, Page 6

FITZWILTON, Dublin-based investment group headed by Heinz chief executive Tony O'Reilly, and Morgan Stanley, US investment bank, formed a partnership to take a 29.9 per cent stake in Waterford Wedgwood, troubled crystal and china company. Page 22

JAPAN reported a current account deficit of £374m for January, the first monthly deficit in six years. December's surplus was £2.3bn. Page 3

ELDERS IXL, Australian brewing group, placed the 23 per cent stake it built up in Scottish & Newcastle Breweries during its abortive £1.6bn bid for the UK brewer last year. It is estimated to have lost £90m on the stake. Page 8

CHARLES KEATING, former head of the collapsed Lincoln Savings and Loan group, has been charged with investment fraud by the Californian authorities. Page 2

PORTALS Holdings, sole supplier of banknote paper to the Bank of England for 266 years, is diversifying into teabag-paper and salami-casing with the purchase of JR Crompton from Bunzl for £37m. Page 8

NIPPON TELEGRAPH & Telephone: a Japanese government report recommended breaking up the telecommunications group. Page 3

SECURITIES and Exchange Commission, US regulatory body, renewed its calls for greater powers with the revelation that it did not have adequate information about Drexel Burnham Lambert's holding company and its unregulated affiliates before the collapse of the securities group last month. Page 2

BOND GROUP: The National Companies and Securities Commission, Australia's stock market watchdog, appointed a special investigator into the affairs of Alan Bond's debt-burdened brewing, media and property group. Page 8

MAGNA International, Canadian automotive parts maker, will take writedowns between C$100m (£51m) and C$150m to staunch losses. Page 10

STATOIL, Norway's state oil company, announced record net profits of NKr5bn (£462m) for 1989, up from NKr340m thanks to higher crude oil prices and a 16 per cent increase in domestic oil production. Page 10

City sees threats to Tories in community charge and inflation

Sterling falls amid fears of government disarray

By Peter Norman, Economics Correspondent

STERLING fell sharply yesterday as foreign exchange markets registered increased concern about government disarray over the poll tax issue, its growing unpopularity and fears in the City that inflation in Britain is heading towards 9 per cent.

The pound's decline came against a background of well publicised but unsuccessful central bank intervention to stop a surge in the dollar. One or two dealers in the City also thought that the Bank of England had supported sterling.

The British currency closed 2 pfennigs lower in London at DM 2.8375 and lost nearly 1¼ cents against the dollar to close at $1.651. The Bank of England's trade-weighted index closed at 88.7, down 0.6 points on Thursday's close and 1.2 points below late Wednesday's level.

The pound's decline yesterday makes a cut in British interest rates even less likely.

● Money Markets Page........11
● London Stocks Page........13
● Wall Street Pages........18-19

It reflected a growing suspicion among dealers and bankers in the City that the Government's difficulties may be too great to solve before the next general election, which has to be held by mid 1992 at the latest.

Mr Nigel Richardson, an economist at Warburg Securities, said: "The market is reassessing the inflation outlook and questioning whether the Government can be re-elected."

The latest Gallup poll, giving the Labour Party an 18.5 per cent lead, added to poll tax worries, continuing concern in financial markets about Wednesday's disclosure of a higher-than-expected £1.9bn January current-account deficit and indications that M0, the narrow measure of money supply targeted by the Treasury, grew at a rapid 6.5 per cent annual rate last month.

In the City, economists at both Warburg Securities and James Capel said they did not expect inflation to peak before reaching 9 per cent. The gilt-edged market, which over the week has acted as a bellwether of increasingly bearish sentiment, experienced another sharp drop in prices which lifted yields at the long end of the market to 11.54 per cent, the highest since 1984.

Another signal of alarm was a rise in short-term money market rates, with three months' money closing at 15¼-15⅜ per cent, well above the current 15 per cent bank base rate. Only the equity market ignored the gloom, with the FT-SE 100 index following Wall Street higher to close at 2,254.8, up 16.4.

Meanwhile, a resilient US dollar yesterday shrugged off intervention by the West German Bundesbank, the US Federal Reserve and other central banks to curb its rise.

The Bundesbank sold the US currency on the open market for the first time since early January. The move underscored the Bundesbank's desire for a firm D-Mark in the face of recent speculation of a rapid move towards currency union between East and West Germany.

However, the Bundesbank sales were relatively small, at an estimated $50m to $150m, and pushed the dollar downwards only temporarily. The dollar closed higher in London at DM 1.719 against DM 1.715 on Thursday.

In New York, the US Federal Reserve entered the market several times yesterday, seeking – unsuccessfully – to curb the dollar's rise against the Japanese yen. The dollar closed in London last night at Y150.25.

Thatcher to declare merits of poll tax

By Alison Smith and Richard Evans

MRS THATCHER will seek today to ride out the fierce Conservative Party protests over the introduction of the poll tax by persuading grass roots activists to accept its long-term merits as a replacement for domestic rates.

In one of the most important rallying speeches of her premiership, she will tell Tory local government councillors at their conference in London not to lose their nerve in the face of persistently high community charge rates being fixed by Conservative as well as Labour councils.

Her cause was helped yesterday by the decision of the Tory-controlled London Borough of Wandsworth to set a poll tax of £148, the lowest declared so far in England, which party leaders took as much-needed evidence that the Government's target figures could be met.

The announcement boosted party morale, which has hit a low point this week with the resignation of 18 Conservative councillors in West Oxfordshire over the poll tax and publication of opinion polls giving Labour an 18 point lead.

Sir Geoffrey Howe, the deputy prime minister, speaking on Channel 4 News, urged the party not to panic.

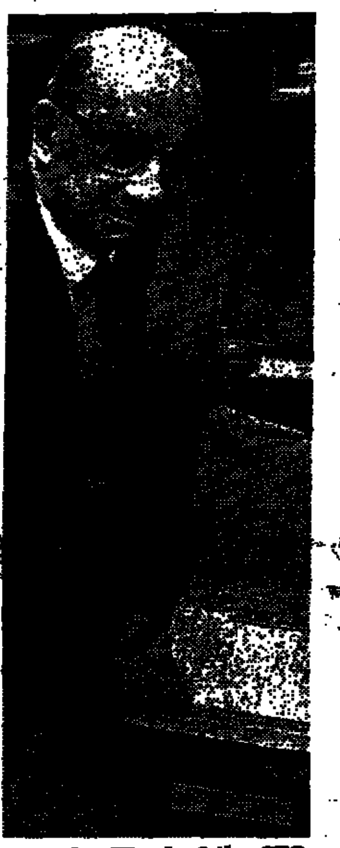
"We have to keep calm, as we are making a fundamentally different tax system come into place," he said. "We have to take seriously those expressing concern about it, but not react in a panic-stricken fashion."

However, the low charges set in Wandsworth and in Westminster brought swift protests from the Tory shires and accusations from Labour politicians that the low rates amounted to political bribery.

Conservative county councillors argued that the main reason the Tory London boroughs were able to meet the targets set by the Government was the more generous spending assessments they had been given. Many Tory district councillors support the complaint as the high poll tax rates set by many county councils

Continued on Page 22
Wandsworth poll tax, Page 4; Editorial Comment, Page 6; Government's popularity, Page 7; Lex, Page 22

SFO chief says overseas inquiries are hampered



Mr John Wood of the SFO: On a hiding to nothing

By Richard Waters

MR John Wood, director of the Serious Fraud Office, yesterday spoke out against the legal restrictions that hamper the investigation and prosecution of alleged frauds with overseas links.

Mr Wood was speaking just one day after it had emerged that the SFO had called off its investigation into the takeover of the House of Fraser by the Egyptian-born Al Fayed brothers in 1985.

Lonrho, which has campaigned relentlessly against the Al Fayeds since their takeover of the House of Fraser, indicated yesterday that it would not give up the fight following the decision not to prosecute.

The company said it intends to sue the Al Fayeds and their merchant bank advisers, Kleinwort Benson, over the affair.

While not linked directly to the House of Fraser case, Mr Woods' comments highlight a problem that would have arisen in relation to that investigation were it to have been pursued.

The SFO would not have been able to subpoena witnesses from some of the countries that its 18-month investigation extended to, notably Brunei, Egypt and Switzerland.

Commenting on the SFO's powers to investigate cases which extend beyond the UK, Mr Wood said: "You are really on a hiding to nothing when you want overseas evidence."

He added: "There's no international subpoena to get witnesses over here. This is one of the greatest problems we have. It affects every enquiry with an overseas element that we have."

The 18-month House of Fraser investigation had been one of the SFO's most far-reaching, involving a core of six police officers and three lawyers, including Mr Wood, who led the case.

It also involved two lawyers from the office of the Director of Public Prosecutions and a senior barrister.

The SFO has yet to investigate and prosecute a major fraud case from start to finish, although it has been in existence for two years.

The situation is expected to improve when the Criminal Justice (International Co-operation) Bill, which this week received an unopposed second reading in the House of Commons, becomes law, which will make it possible for the UK to sign mutual assistance agreements with overseas authorities.

● Links between Mr Roland "Tiny" Rowland, chief executive of Lonrho, and MI6 are alleged in a series of early day motions laid yesterday by Mr Dale Campbell-Savours, MP for Workington.

One of the motions alleges that it is "likely" that MI6 has long-used Mr Rowland as a source of information about Africa and that his ownership of the Observer newspaper might "accord with the wider interests of MI6."

Lonrho going to court, Page 8

Trafalgar House and BICC may quit tunnel rail link plan

By Kevin Brown, Transport Correspondent

TRAFALGAR House and BICC, the two construction companies brought in by British Rail to help finance its plans for a high speed line from London to the Channel Tunnel, may be forced to pull out because of financial problems.

The withdrawal of the two companies would mean the collapse of the Government's hopes that the high speed line could be built by Eurorail, the joint venture consortium in which the two private sector companies share a 50 per cent stake.

The break-up of Eurorail would be an embarrassment to the Government, which had hoped that the involvement of the private sector would end the series of crises which have dogged the project since it was announced in March last year.

However, BR is preparing to tell the Government that it could finance and build the line itself without subsidies if ministers agree to reduce the required rate of return.

Eurorail faces a shortfall of about £1bn in financing the project, which will cost around £4.5bn including rolling stock and improvements to existing track.

Officials say that there is no way in which the project can produce the 8 per cent real rate of return which BR is required to achieve, let alone the 18 per cent return sought by the private sector companies.

Negotiations are still going on in an attempt to increase the revenues of the project by raising charges to BR's Network SouthEast subsidiary for the use of the line for fast commuter trains.

Eurorail is also trying to renegotiate an agreement between BR, SNCF French Railways and SNCB Belgian Railways on the division of fares paid by passengers between the three countries.

But neither BR nor Eurorail will ask the Government to bridge the funding gap. Ministers have repeatedly made clear that they are unwilling to try to find a way round the Channel Tunnel Act, which forbids public subsidies for the line.

Railway executives say the most likely outcome is that the private sector companies will withdraw from the project, although they may seek to build the line as construction sub-contractors to BR.

This was confirmed by a senior official of one of the construction companies, who said it was "quite feasible that the financing may have to be done wholly in the public sector."

BR believes the line could be built without subsidy as a public sector project if the Government was willing to reduce the corporation's required real rate of return to 5 per cent.

This would be a departure from the normal treatment of nationalised industries, but the Government has already set a precedent by accepting that new Underground lines in London will not achieve an 8 per cent return.

Weekend FT

ALASKA'S DIRTY DOLLARS
This week Exxon faces criminal charges over its disastrous oil spill off Alaska. It has already spent millions among the local communities – but has this cash itself proved a further pollutant, asks David Thomas
Page I

Finance
Tokyo takes a tumble: Barry Riley on the ending of an investment myth
Page III

Collecting
Antony Thorncroft reports on the best of British
Page XIII

Perspectives
New light on the riddle of why children's author Kenneth Grahame abruptly left the Bank Of England
Page XIV

Fakes
Why obvious forgeries took in the experts
Page XXIV

Sport
England's triumph
Page XIV

MARKETS

STERLING
New York lunchtime:
$1.649
London:
$1.651 (1.6655)
DM2.8375 (2.8575)
FFr9.5925 (9.6475)
SFr2.4975 (2.5075)
Y248.0 (249.25)
£ index 88.7 (89.3)

GOLD
New York: Comex Apr
$405.1
London:
$403.5 (407.75)

N SEA OIL (Argus)
Brent 15-day Apr
$19.3 (19.35)

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime:
DM1.718
FFr5.802
SFr1.5115
Y150.295
London:
DM1.719 (1.715)
FFr5.81 (5.7925)
SFr1.513 (1.506)
Y150.25 (149.65)
$ index 68.3 (68.0)
Tokyo close: Y149.75

US LUNCHTIME RATES
Fed Funds 8¼%
3-mo Treasury Bills:
yield: 8%
Long Bond:
99$\frac{7}{32}$
yield: 8.51%

STOCK INDICES
FT-SE 100:
2,254.8 (+16.4)
FT Ordinary:
1,774.2 (+9.3)
FT-A All-Share:
1,121.03 (+0.6%)
New York lunchtime:
DJ Ind. Av.
2,651.36 (+15.76)
S&P Comp
334.79 (+2.05)
Tokyo: Nikkei
34,057.86 (+227.98)

LONDON MONEY
3-month interbank:
closing 15$\frac{7}{32}$% (15$\frac{3}{16}$)
Liffe long gilt future:
Mar 83$\frac{3}{32}$ (83$\frac{5}{32}$)

CONTENTS

For FT Cityline Directory, FT-SE 100 Index and 60 Access phone 0898 123456; Stock Market Report, 0898 123001; UK Company News, 0898 123002; sterling rates, 0898 123004. Calls charged at 38p per minute, peak & standard and 25p per minute, cheap rate.*

Austria Sch24; Bahrain Din0.700; Bermuda $1.50; Belgium BFr56; Canada C$1.00; Cyprus C£0.90; Denmark DKr12.00; Egypt E£3.25; Finland Fmk8.50; France FFr7.50; Germany DM2.60; Greece Dr150; Hong Kong HK$12; Hungary Ft107; Iceland IKR160; India Rup15; Indonesia Rp3,100; Ireland I£0.80; Israel NS3.50; Italy L2000; Japan Y600; Jordan Fils1.000; Kuwait Fils.600; Lebanon £L400; Luxembourg LFr56; Malaysia Rin4.25; Malta 40c; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.25; Norway Nkr12.00; Portugal Esc150; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta165; Sri Lanka Rup30; Sweden SKr12.00; Switzerland SFr2.80; Taiwan NT$65; Thailand Bht80; Tunisia Din0.900; Turkey L1400; UAE Dh7.00; USA $1.00.

OVERSEAS NEWS

Hurd for Pretoria this month

MR Douglas Hurd, UK Foreign Secretary, is expected to visit South Africa officially on March 19 before attending Namibia's independence celebrations on March 20 and 21, writes Robert Mauthner, Diplomatic Correspondent.

The Foreign Office said final details still had to be agreed with Pretoria, which apparently fears the visit could be used as a pretext for anti-apartheid protests.

Mrs Margaret Thatcher's decision to lift the ban on voluntary investments to South Africa has angered the African National Congress and other anti-apartheid groups, who feel sanctions should stay until Pretoria ends the emergency, frees political prisoners and repeals apartheid laws.

Mr Nelson Mandela, the recently-freed ANC leader due to visit London next month to attend a concert in his honour, has still not replied to Mrs Thatcher's invitation to meet her. It is not yet clear if he will see Mr Hurd in South Africa.

The last Foreign Secretary to visit South Africa was Sir Geoffrey Howe in July 1986.

ANC elects Mandela to post of deputy president

BY Mike Hall in Lusaka and **Patti Waldmeir** in Johannesburg

THE African National Congress (ANC) yesterday elected Mr Nelson Mandela as deputy president, confirming him as the organisation's most influential leader.

As Mr Mandela assumed his new post, senior ANC officials prepared to meet South African business leaders in Zimbabwe for talks on the economic future of a post-apartheid South Africa, including the controversial issue of nationalisation.

Mr Mandela's election as deputy president, a post left vacant for over a decade, will allow him to lead the organisation without removing from office either the current president, Mr Oliver Tambo, who is recovering from a stroke in a Stockholm clinic, or Mr Alfred Nzo, the acting President.

The ANC faces the prospect of early constitutional talks with Pretoria and Mr Mandela's election should ensure that the organisation has the strong leadership it has lacked since Mr Tambo fell ill. Mr Mandela's statements since leaving prison three weeks ago also indicate that he may play a moderating role within the organisation.

According to a statement issued yesterday by the national executive committee of the ANC, Mr Mandela will resume the place he held on the executive before going to prison in 1962. Two other former prisoners, Mr Walter Sisulu and Mr Govan Mbeki, will also rejoin the executive.

The statement, issued at the end of a two-day meeting in Lusaka, the exiled base of the ANC said the headquarters would be moved to Johannesburg "without delay" and other offices opened throughout the country.

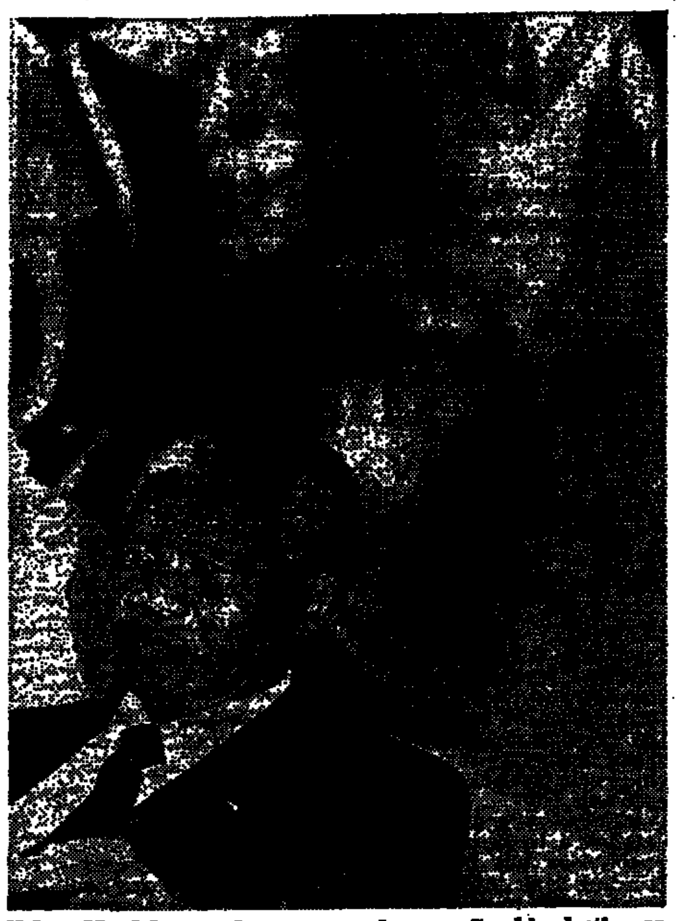
Some ANC departments would remain in Lusaka, however, and Umkhonto we Sizwe (Spear of the Nation), the ANC military wing, was expected to maintain a presence outside South Africa.

The movement also made clear its desire to maintain the momentum towards constitutional talks with the Government, saying it was seeking urgent contact with Pretoria to fix a date, venue and other arrangements for a proposed meeting to discuss removing obstacles to negotiation.

Mr Mandela was not expected to be present at a meeting this weekend in Harare between leading South African businessmen and an ANC delegation expected to be led by Mr Joe Slovo, General Secretary of the South African Communist Party.

The business group will include the chief executives of Premier Group, one of South Africa's largest diversified food groups, and of Johannesburg Consolidated Investments (JCI), the mining house. Anglo American and Gencor, the two largest mining houses, will also be represented.

The talks follow meetings last Monday between Mr Mandela and the outgoing chairman of Anglo American, Mr Gavin Relly, and Mr Tony Bloom, a former chairman of Premier group. Neither meeting touched on the ANC's policy of nationalisation, which has worried South African and foreign businessmen.



Nelson Mandela attends a news conference after his election as deputy president of the African National Congress

Newhouse media empire maze keeps the tax man at bay

By Roderick Oram in New York

READERS of Vanity Fair, Vogue and Tatler, the chronicles of the rich, famous and stylish, can sleep easier now. So can their accountants, if they can create sufficiently Byzantine family companies for their clients.

The Newhouse family of New York, whose huge private media empire is worth by some estimates more than $15bn (£9bn) and runs from such up-market magazines to Random House, the book publisher, daily newspapers and television stations, has delivered a crushing blow to US tax authorities.

For seven years the Internal Revenue Service has fought to collect duties due on the estate of Mr Samuel Newhouse, founder of the family fortune, who died in 1979 at the age of 84. Initially, it demanded $900m in taxes and a $300m penalty for alleged fraud, in the biggest ever estate duty case in the US. It scaled its demands back to $609.5m but his sons, "Si" and Donald, who now run the family companies, paid only $48m.

The IRS claimed that their father's shares in the business were worth about $1.3bn on his death. They counter-claimed that it was worth only $235.6m because of the complex share structure he used to keep iron control. Total voting control of their main company, Advanced Publications, rested, for example, in just 10 class A shares held by their father.

On Thursday, Judge John Williams of the federal tax court in Washington ruled in the family's favour, saying considerable uncertainty created by the ownership provisions would significantly reduce the price a buyer would pay for the family businesses.

The Newhouses had produced a battery of expert witnesses ranging from Mr Rupert Murdoch, the international media magnate, to stars of Wall Street investment banking and law firms. Mr Murdoch said Advance's share structure would put him off a takeover attempt.

Si, who has shown no sign of wanting to sell the family business, argued in court that the share structure was irrelevant to the running of the companies. Thus, his father's stock failed to deserve the IRS valuation. He and his brother felt they were equal partners with their father.

Court revelations showed that members of the family were extraordinarily uncommunicative towards each other – just as they are with the public, despite running one of the largest communications businesses in the world.

Si, who has a reputation for being cold, aloof and ruthless with his staff, said he joined the family business in 1950 but only realised he owned stock when "sometime in the early middle-1950s my father gave me a dividend cheque". He did not learn about the 10 voting shares until the mid-1960s.

Stumped for an answer when repeatedly asked in court to describe how he runs his business, he finally said: "Well, it's a little like trying to describe love."

Hong Kong rights bill due soon

By John Elliott
in Hong Kong

HONG KONG'S Government is expected next week to finalise its controversial proposed bill of rights, which is intended to strengthen the application of internationally accepted standards of liberty and other freedoms after the colony returns to China's sovereignty in 1997.

An earlier version drawn up in December has been strengthened to try to offset problems that emerged during legal drafting. Two months ago the Government had to accept that it could not entrench the bill, to make it legally supreme above all other future laws, partly because of practical legal impediments.

But China also made it clear that it did not want the bill to include a clause claiming supremacy over the Basic Law, which has recently been settled in Peking and will form the post-1997 mini-constitution.

China does not recognise international covenants on human rights, so public pressure built up in Hong Kong after last year's Tiananmen Square crisis for a bill to be introduced spelling the covenants out.

China has accepted that the Basic Law should specifically state that the covenants, which at present operate through the UK, will continue to be recognised in Hong Kong after 1997. This link with the Basic Law is the nearest the Government can get to entrenchment.

The draft bill is to go for approval on Tuesday to the colony's executive council, which two months ago said it should be strengthened. If it is approved, it will be published in consultative form and is expected to become law later in the year.

SEC 'short of Drexel facts'

By Peter Riddell, US Editor, in Washington

THE Securities and Exchange Commission did not have adequate information about Drexel Burnham Lambert's holding company and its unregulated affiliates before the securities group collapsed last month.

Mr Richard Breeden, commission chairman, yesterday used the Drexel example to renew his call on Congress to press ahead with legislative proposals to give the SEC additional powers to monitor the financial condition of brokerage firms' holding companies.

During testimony to the Senate Banking Committee, he said the SEC was also looking at the large bonuses which Drexel paid to some of its executives shortly before the parent company filed for bankruptcy protection, to determine if any of the payments were illegal.

The inquiry is focusing on who authorised the payments, who received them and whether they were paid as a result of a pre-existing agreement or in anticipation of the bankruptcy filing. If it was the latter, it is possible that the bankruptcy court and the commission would take action, he said.

Mr Breeden focused on how the Drexel situation underscored the "critical importance of providing the SEC with increased access to information regarding the financial activities, funding and inventory of broker-dealer holding companies".

The absence of such information about Drexel's unregulated affiliates severely hindered the SEC's ability to monitor its brokerage side. In particular, he said, it hurt the commission's "ability to know of the imminence of a liquidity crisis for the parent, and the corresponding risk that the broker-dealer's capital could have been depleted in a desperate but fruitless attempt to pay the parent firm's unsecured creditors".

A similar concern was expressed on Thursday by Mr Alan Greenspan, the chairman of the Federal Reserve. But proposals before Congress to give the SEC greater data collection powers from the affiliates of securities firms has so far been resisted by some New York congressmen on behalf of leading Wall Street securities firms. The opponents contend such information might leak to competitors and the resistance so far reflects the political influence of a few large brokerage firms.

Mr Breeden said the SEC had also begun an immediate review of its net capital rules, which set standards for the amount of accessible capital brokerage firms must maintain. While the SEC believes the current rule is generally sound, he noted the importance of such capital levels in achieving stability.

German must face German on the field

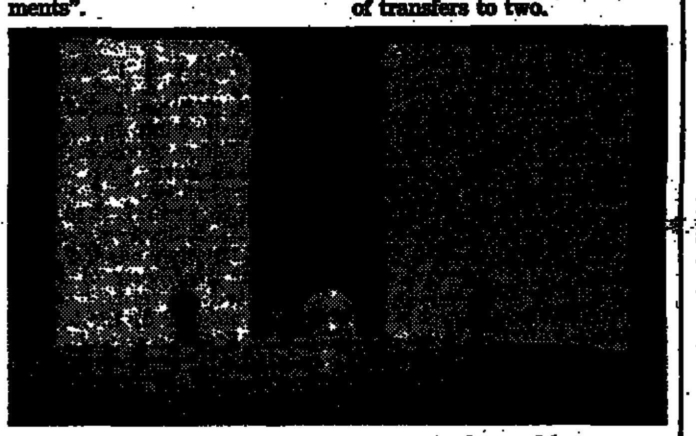
By David Goodhart in Bonn

GERMAN football fans are going to face a difficult loyalty test in the the 1992 European Football Championships. The West German and East German "national" teams will have to play against each other, as members of the same qualifying group, despite the probability that Germany will by then be one country.

Mr Hermann Neuberger, president of the West German Football Federation, said that as soon as the first qualifying match in the two Germanys' group (number 5) has taken place, later this year, "the two German teams must play on to the end of the championship regardless of political developments".

It therefore seems that the first proper test of a united German team will not come until the 1994 World Cup. That team may not be markedly changed by the inclusion of East Germany, where footballing standards are somewhat lower than West Germany. Football in East Germany never enjoyed the status of athletics but has been heavily subsidised, and now faces an uncertain financial future.

One way of shoring up the finances is to sell off players. But although several West German teams are hunting transfer bargains across the border, various complications have restricted the official number of transfers to two.



A boy stands behind the Berlin Wall yesterday making victory signs to the West

Israel censors Soviet immigration reports

By Eric Silver in Jerusalem

ISRAEL yesterday imposed military censorship on all reports about Soviet Jewish immigration, currently running at a record 6,000 a month.

The new rules mean Israeli and foreign reporters need the approval of the military censor to send any reports on this immigration.

Officials said the Government had been alarmed by the Soviet and American response to an Arab diplomatic offensive against the exodus. The Arabs argue that the newcomers will be settled in the occupied West Bank and Gaza Strip.

Israeli officials said the Government was concerned that President Mikhail Gorbachev may limit the numbers allowed to leave and that third countries may face pressure to deny transit facilities.

Mr James Baker, the US Secretary of State, angered Mr Yitzhak Shamir, the Prime Minister, on Thursday by linking a projected $400m (£240m) loan for housing Soviet Jewish immigrants to a freeze on settlement in the occupied territories.

The Prime Minister reacted sharply to the statement. "We do not accept this American position," he said. "The linkage of immigration and settlements is completely unnecessary."

The Foreign Press Association protested at the extension of censorship. Officials told Mr Robert Slater, its chairman, the media would no longer be allowed to report on numbers arriving or their route from the Soviet Union. Mr Slater condemned this as "a strange and pointless decision", since the scale of migration was hardly a secret.

S&L chief charged with fraud

By Peter Riddell

MR CHARLES KEATING, the former head of the collapsed Lincoln Savings and Loan group, has been charged with investment fraud by the Californian authorities.

The civil suit against Mr Keating seeks restitution for investors, many of them elderly, who lost life-savings in buying a now worthless $200m of debentures from American Continental, the parent of Lincoln. Unlike savings and loan deposits, such debentures are not federally insured and guaranteed. The suit alleges that purchasers were falsely assured that the bonds were federally insured.

This is the latest in a growing series of legal actions arising from the collapse of the savings and loan (S&L) industry. Many of the actions are against auditors, who carry liability insurance, rather than against owners, who are generally bankrupt.

The Federal Deposit Insurance Corporation said late on Thursday it was seeking $560m in damages from Arthur Young (now part of the merged firm of Ernst and Young) which audited the failed Western Savings Association of Dallas. The suit alleges that the auditor failed to recognise a series of lending irregularities, including overstatement of asset values and reserves against potential losses.

In the Keating case files have been handed over to the district attorneys of Los Angeles and Orange counties for possible criminal action.

Indicators show sluggish growth

THE US economy no longer appears to be weakening, but growth remains sluggish, according to the latest batch of indicators, Peter Riddell writes.

However, the belief of both the Bush Administration and the Federal Reserve that the worst may be over and that a recession can be avoided is not shared by all economists, some of whom point to continuing signs of vulnerability in manufacturing.

The official index of leading indicators, which looks ahead to trends in activity in six to nine months, was unchanged in January. Only three of the 11 indicators made positive contributions, notably building permits, which were boosted by unusually warm weather at the beginning of the year and by larger numbers of permit applications ahead of new regulations.

Otherwise the picture was mixed, in part because of fluctuations in various manufacturing indicators, reflecting big swings in aircraft and motor industry orders. Both the coincident and lagging indicators of activity declined in January.

The February index of the monthly business survey of the National Association of Purchasing Managers was at its highest level since last March, with new orders and production up, though it still pointed to a lack of underlying strength in manufacturing.

EC set to raise steel import quotas for East Europe

By Tim Dickson in Brussels

THE European Community is set to increase steel import quotas for five east European countries and Brazil by 15 per cent, in a compromise being seen in Brussels as a victory for free traders.

Foreign ministers of the 12 will rubber-stamp the deal on Monday, which will enable the European Commission to open negotiations for the renewal of the so-called voluntary restraint arrangements (VRAs) for 1990 at the agreed higher level. Besides Brazil, the countries affected are Bulgaria, Czechoslovakia, Hungary, Poland and Romania.

Brussels' original proposal of an 18 per cent increase in VRAs was always thought to be too ambitious for the member states, but the figure of 15 per cent was achieved only in the face of fierce protests from countries led by France and Italy, and supported by European steel producers.

The more liberal lobby – Britain, the Netherlands, Germany and Denmark – argued that the EC should make a tangible gesture to the East.

Kashmir Valley towns put under indefinite curfew

By Zafar Meraj in Srinagar

SRINAGAR, the Kashmir summer capital, and all other towns in the Kashmir Valley were yesterday under indefinite curfew, after Indian security forces fired on demonstrators shouting pro-independence slogans on Thursday.

Government officials said at least 33 Kashmiri Moslems were killed and 55 injured when the army opened fire on demonstrators on the outskirts of the city. Sources put the death toll at 46. A doctor said he counted 50 dead in two Srinagar hospitals on Thursday.

Indian security forces were seen patrolling deserted streets yesterday in an effort to prevent anti-Indian crowds defying the curfew. In several parts of the city, groups gathered in mosques shouting slogans and calling for a Jihad (holy war) against India.

Security forces were seen removing scores of flags belonging to militant organisations, which had been hung from buildings. The curfew was renewed after 11 days of mounting demonstrations following the lifting of earlier curbs. Thursday's crowds numbered several hundred thousand.

In Delhi, Syed Ahmed Bukhari, one of the main Indian Moslem leaders, urged the Government to set up talks with Kashmiris to restore peace. He called for talks with militant youth leaders "forced to take up arms as they had been denied basic democratic rights by successive régimes".

Reports said Mr Jagmohan, governor of Jammu and Kashmir, was preparing a big house-to-house search against the militants.

There were reports that army officers had been asked to send their families out of Kashmir, though these were denied by the Ministry of Defence in Delhi.

UK prepares for influx of boat-people

By Robert Mauthner,
Diplomatic Correspondent

BRITAIN will call an emergency meeting of the steering committee of the Indochinese Refugee Conference in Geneva if there is another great influx of boat-people from Vietnam this spring.

At the moment, fewer boat-people are arriving in Hong Kong than expected by British officials. But if the number rises to last year's level, when several hundreds a day sought asylum in Hong Kong at the peak of the sailing season to swell the total number of boat-people in the colony to 56,000, energetic steps will have to be taken.

Among the measures envisaged by Britain is a much faster screening process, under which all those found not to be genuine refugees according to the international definition, would be sent back immediately to Vietnam.

Britain is still trying to negotiate a "mandatory" repatriation agreement with Hanoi, under which those boat-people judged to be non-refugees would be forcibly returned to Vietnam. After his recent visit to Vietnam, Mr Francis Maude, a junior Foreign Office Minister, said he expected a new agreement on mandatory repatriation to be reached with the Vietnamese by the end of last month.

Such an agreement has not yet materialised and Vietnamese officials have denied ever having given such an undertaking.

Slav republic polls worry Communists old and new

Our Moscow Correspondent looks at tomorrow's elections in Russia, Ukraine and Belorussia

VALERY SAIKIN is standing for election to the Moscow city council from the Red Guard district. He cannot afford to lose: Mr Saikin is the city's mayor.

Last September, he banned the construction of one of the most sought-after deficit goods in the city: garages. Then, two weeks ago, the city government mysteriously cleared three plots of land for the construction of 550 temporary garages. By a remarkable coincidence, all three plots are in the Red Guard district.

Mr Saikin's electioneering shows the lengths to which Communist Party apparatchiks are willing to go to avoid humiliation at the forthcoming polls. Tomorrow, around 100m voters will go to the polls in the three Slav republics of Russia, Ukraine and Belorussia. They will choose occupants for a bewildering variety of posts – nearly 2,000 seats in the three republican parliaments plus two lower tiers of local government, city councils and district councils.

At issue is the ability of Communist Party officials to continue ruling the country in the old way, on the eve of President Mikhail Gorbachev's assumption of sweeping presidential powers at the expense of the party.

Even the most reformist Communists are worried. Mr Vyachaslav Shostakovsky is one of the leading lights of the Democratic Platform, a faction within the party that has been foremost in demanding faster reform. He is standing for election to the Russian parliament but says his chances of being elected are minimal.

Voters, he thinks, will see him simply as a high-ranking apparatchik and cross his name out. Those who really are old-guard conservatives would seem to stand even less chance.

The local elections are the largest in the Soviet Union since last April's elections to the Congress of People's Deputies, the country's super-parliament. They represent a further step down the road to a multi-party democracy because, at that time, political organisations other than the Communist Party hardly existed.

Now, according to the official Government Bulletin, there are at least 215 such informal organisations, 90 of them in Moscow alone. The liberal weekly, Moscow News put the total at 2,000-3,000, with a membership of 2m-2.5m people. Most of these organisations are sponsoring candidates.

Moscow News divided this group into three:

● Popular fronts. These are umbrella organisations, similar to those of the Baltic and Transcaucasian republics, which embrace both reformist Communists and nationalists. In the Ukraine the main nationalist group, Rukh, is putting up hundreds of candidates. Its leader, Mr Ivan Drach, sceptically thinks it will win "several dozen" of the 450 seats to the republican parliament but optimists think Rukh will win as many as half. In Belorussia, also a conservative bastion, the popular front called Renewal, hopes to win a quarter of the seats, though the party there has refused to register it formally.

In Russia itself, most of the popular fronts are based not on nationalism but on amorphous democratic platforms in individual cities. The largest of these, the Leningrad Popular Front, has 1m members.

● Civil organisations. These include the radical communists of the Democratic Platform, led by Mr Shostakovsky; "voters clubs" which have set themselves the enormous task of telling voters who are the democrats among the many candidates; and the new independent trade unions which are especially powerful in the industrial areas of the eastern Ukraine. Coal miners there have just gone on strike.

● Those calling themselves parties. These groups set out to behave as political parties even before multi-party politics was possible. They range from the Green party to the far-left Democratic Union, which is boycotting the election on the grounds that it is not free enough.

Though the Communist Party has said that Article 6 of the constitution, which gives legal force to the one-party state, should be abolished, it still remains in force in the three republics. Only the Communist Party can formally propose its own candidates; candidates from other organisations have usually been proposed not by the organisations themselves but by groups of voters from the shop floor or blocks of flats. Six candidates out of seven are Communist Party members, including most of the candidates endorsed by the informal organisations.

This blurring of the lines between the Communist Party and the unofficial groups is one reason for the widespread sense of confusion in the elections.

Another is the sheer number of candidates: in Russia alone, there are 300 constituencies with more than 10 candidates; in 24 of them, there are more than 20 candidates. A third is the lack of public debate.

Compared with last April's congressional elections, which received blanket press coverage, the local elections have received little attention. Out on the streets, there are few election posters; voters' meetings are sparsely attended.

In these circumstances, the turnout is likely to be surprisingly low. A poll in two Leningrad constituencies found that 30 per cent of electors did not intend to go to the polls at all. Leningrad, along with Moscow and other big cities, is politically active. The three republics will do well to have a 60 per cent turnout.

New measures to tackle growing social unrest and economic shortages in the Soviet Union will be unveiled within the next 10 days, according to a senior official, Reuters reports from Moscow.

The package will be aimed at speeding reform to placate public unrest over shortages of basic goods and a sharp deterioration in the economy, said Mr Andrei Orlov, deputy chairman of the State Commission for Economic Reform. He said the armed forces could be called in to transport consumer goods to overcome the crisis, which he described as "deep-rooted". "Of 1,200 basic consumer goods that should be available in major cities, only 56 can be bought on a regular basis," he admitted.

Mr Orlov said the proposals could either be put before the Supreme Soviet, the parliament's permanent upper chamber currently in session, or before an emergency session of the Congress of People's Deputies on March 12 and 13. The package is expected to bring forward wholesale price and tax reform, speed the introduction of share and bond markets and accelerate the introduction of a parallel currency as a step towards rouble convertibility.

FINANCIAL TIMES
Published by the Financial Times (Europe) Ltd., Frankfurt Branch, (Guiollettstrasse 54, 6000 Frankfurt-am-Main 1; Telephone 069-75980; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SE1 9HL.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage and at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.
Financial Times (Scandinavia), Ostergade 44, DK-1100 Copenhagen-K, Denmark: Telephone (33) 13 44 41. Fax (33) 935335.

OVERSEAS NEWS

Kaifu promises bigger world role for Japan

By Robert Thomson in Tokyo

MR Toshiki Kaifu, Japan's Prime Minister, yesterday pledged Japan would take a bigger international political role, but warned it must first settle its economic differences with the US. Mr Kaifu was delivering a major policy address to the newly-elected parliament.

Speaking before he left for the US to meet President George Bush, Mr Kaifu said good relations with the US were "indispensable to the stability of international relations", and were the "foundation" for Japan's broader international goals.

He stressed commitment to the Structural Impediments Initiative (SII) on trade with the US, in an attempt to counter Washington's criticism that Tokyo lacks the political will to reach agreement on the initiative, designed to cut Japan's $49bn (£28.8bn) bilateral trade surplus.

Mr Kaifu said he was aware of criticism that "we study too hard as children, work too hard as adults, and have too much time on our hands after retirement", and so "I am promoting a new life-planning project around the slogan 'Vigorous Lives, Happy Lives'".

He promised to "effect meaningful political reform, including downgrading the importance of money in politics and upgrading policy debate in elections", but made no new proposals to reform the ruling Liberal Democratic Party (LDP) or overhaul election funding rules.

Mr Kaifu will be pressed during his two days of meetings in the US to show enthusiasm enough on SII to placate Washington, and to argue Japan's case forcefully enough to enhance his position at home, which remains uncertain because of his lack of LDP factional backing.

Yesterday, Mr Kaifu delivered a message to US protectionists: "We must never forget protectionism ultimately weakens the protectionist country's infrastructure and creates even greater problems than it solves".

Conscious of protectionist pressure in Japan, he qualified his enthusiasm for imports. "We intend to promote policies to expand imports from the perspective of improving the Japanese standard of living and focusing on consumer interests." He spoke of the "special importance of rice and rice farming" in Japan, and showed no willingness to lift the ban on foreign rice.

Japan has $636m current account deficit in January

By Robert Thomson in Tokyo

JAPAN reported a current account deficit of $636m (£374m) for January, the country's first monthly deficit in six years. The Finance Ministry blamed the turnaround on seasonal factors and said the trend is unlikely to continue.

The main reason for the deficit, against a surplus of $2.5bn for the same month last year, was a declining trade surplus, down to $1.07bn from $4.88bn a year earlier, a fall the ministry partly blamed on large imports of aircraft.

Foreigners' net sales of Japanese stocks were $2.78bn, after net purchases of $6.9bn in January, when they apparently bought in late on an end-of-year surge on the Tokyo Stock Exchange, which has since slumped.

Foreigners net purchases of Japanese bonds were $2.9bn, up from $1.8bn in December, while foreign bond issues by Japanese fell from $7.27bn in December to $1.06bn in January.

Overall balance of payments showed a deficit of $921m, down from a surplus last year of $4.57bn. Economists said the January figures were not an accurate guide because of the seasonal slowdown in Japan during the month.

The figures showed the continuing adjustment of the trade and current accounts, but Japanese investment in foreign stock markets continues to be high, they added.

In January, net Japanese purchases of foreign stocks were $2.72bn, down from $2.95bn in December, while net sales of foreign bonds were $1.07bn, against net purchases in December of $5.5bn, on total sales and purchases of about $220bn.

On the trade account, January exports fell 4.6 per cent from a month earlier to $18.16bn, while imports increased 20.8 per cent to $17.08bn. Seasonally-adjusted, the figures showed a trade surplus in January of $5.03bn, up from $3.73bn in December.

Plans to break up NTT take fresh step forward

By Stefan Wagstyl in Tokyo

PLANS for breaking-up Nippon Telegraph & Telephone, the telecommunications group, yesterday took a step forward with publication of a Japanese Government ministry report supporting division of the company.

An advisory council to the Ministry of Posts and Telecommunications recommended splitting NTT in 1995 into two separate companies, one for local networks and one for long-distance calls. It also supported hiving off NTT's mobile telephones business from the main company as early as 1992.

NTT, which opposes the proposals, now faces an anxious few weeks as it tries to rally support in government and political circles. An NTT official said the Government would probably decide by the end of March whether to support the telecommunications ministry's break-up plan or put it on ice.

The ruling Liberal Democratic Party, which faces several domestic and international problems, could well decide that the NTT issue can wait. But NTT will not rest easy until the Government's decision is known.

The report says that dividing NTT is essential to promote competition in the industry. Other newly-established long-distance carriers cannot compete with NTT fairly, unless NTT's long-distance business is split from its local networks.

The break-up would be postponed until 1995 to give NTT time to complete the task of digitalising the network. Some 220,000 NTT employees would work for the new local network company, 9,200 in long-distance, and 3,000 in mobile, telephones.

The report suggests allowing foreigners to buy NTT shares and permitting the company to raise equity funds.

NTT said the report ignored the needs of users and shareholders and gave insufficient attention to the "enormous economic and social effect" of a break-up. It was not practical to decide on a break-up when the telecommunications industry was changing so rapidly.

Christian forces keep up their war in Beirut

By Lara Marlowe in Beirut

CHRISTIAN troops and militiamen continued their war yesterday, despite a threat by the Maronite Catholic patriarch Nasrallah Sfeir to excommunicate "whoever gives the order to shoot and whoever obeys such orders.

"We warn them of excommunication. Thus, they will be expelled from the church body and prevented from receiving burial according to church rites," the Patriarch said.

Bitter fighting continued yesterday for control of Lebanon's Christian enclave. At least 75 people have been killed and 170 wounded since fresh battles erupted on Thursday.

Street fighting yesterday between renegade army units under Gen Michel Aoun and Phalangist militiamen loyal to Samir Geagea was concentrated in the Sinn el-Fil, Dora and Myrna Shalouhi approaches to the Phalangist-held quarter of Ashrafieh, which suffered the heaviest bombardment.

Lebanese newspapers claimed more than 800 people have been killed, at least 2,500 others wounded and more than 100,000 have become refugees since the inter-Christian battles started on January 30.

Gen Aoun's command called the new offensive "a limited defence operation," but the Phalangist Voice of Lebanon radio accused him of bombarding Ashrafieh "with a savagery that even the Syrians never achieved".

President Elias Hrawi yesterday criticised mediation attempts by the Palestine Liberation Organisation. "They started Lebanon's tragedy. We don't need their advice now."

Privatisation of electricity delayed again in Malaysia

MALAYSIA'S National Electricity Board (NEB) has postponed for another nine months its privatisation, originally set to start in January. But it did not indicate if a proposed 25 per cent foreign equity participation in the monopoly remains desirable, Lim Siong Hoon reports from Kuala Lumpur.

NEB's ownership is to be transferred on Sept 1 to a company owned by two ministries: Finance, and Energy, Telecommunications and Posts. NEB's announcement suggests that, early on at least, privatisation will involve neither public nor foreign equity participation.

Flotation of the company could come later. Two years is the generally accepted deadline. Partnership between power companies in the UK or Japan, or both, has been seen as an option with a 25 per cent ceiling on a foreign equity stake.

Mr S. Veilu, Energy Minister, visited the UK and Japan last year for talks on possible collaboration. The Government's indecision on foreign equity is linked partly to the premium it wants to charge on those shares. Complicating this, is the worth and profitability of NEB, which has failed to produce financial results likely to impress investors.

Groundswell for reform in Kathmandu

Officials speak in private of the peril of ignoring agitation, writes K.K. Sharma

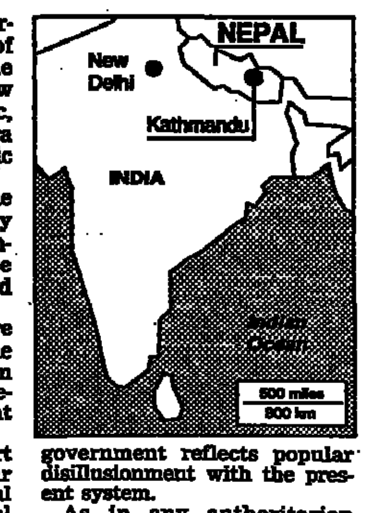
LIFE is deceptively normal in the centre of Kathmandu. People flock to shops in the narrow streets, roads are full of traffic, and portraits of King Birendra and his queen adorn all public places, offices and shops.

The only outward sign of the recent turmoil in the tiny Himalayan kingdom is the continued patrolling by police wearing anti-riot vests and wielding long bamboo sticks.

The patrols seem to have brought an uneasy peace to the small Himalayan kingdom after it was rocked by unprecedented violence a fortnight ago.

Today one of the few overt signs of growing popular resentment against the denial of fundamental rights (political parties have been outlawed for more than two decades in Nepal) are the pro-democracy and anti-monarchical slogans painted on the walls of the sprawling campus of Tribhuvan University on the outskirts of the country's capital Kathmandu.

But as many as 40 of the 140 members of the national *Panchayat* elected on a non-party basis have openly condemned the government's harsh repression of those who have agitated for change in Nepal. These Panchayat members swear allegiance to the king, but their condemnation of the government reflects popular disillusionment with the present system.



As in any authoritarian regime intelligence is hard to obtain and it is more difficult now after the police crackdown. Politicians are rarely available for interviews. They are either in jail or confined to well-guarded homes.

Nevertheless journalists, businessmen and even officials speak in private of the dangers of ignoring the agitation launched by all the banned parties – including the powerful Nepali Congress and the Communists – for restoration of a party system. In effect, the movement seeks an end to authoritarian rule by the monarch and the mysterious circle around him that wields effective power in Nepal.

A general strike called by Nepal's banned political parties to back their campaign for multi-party democracy virtually shut down Kathmandu yesterday, Reuter reports from Kathmandu.

Nearly all shops were closed. Only police vehicles were seen. Police in riot gear patrolled the capital. The banned parties, outlawed 30 years ago, said they did not plan to hold demonstrations after police scotched earlier attempts.

"The king must realise that the people are blaming him", says a former prime minister who is still close to the monarch. "The people want a change. They want liberalisation of the system, the right to speak, to assemble, and to choose," he adds (although still not willing to be quoted by name).

The former prime minister is unsure whether the King will heed the warning since his own experience in office has taught him that the mysterious circle within the palace does not permit access of unpalatable information to the throne.

"If he ignores the present situation, it means the king is either ignorant or arrogant. In either event, he will have to pay the price," he warns.

That there is a yearning for change is accepted by people close to the king. What they are possibly unaware of is the intensity of the feelings among leaders of the banned political parties, urban intellectuals and the middle classes who are behind the present movement (the rural majority are too illiterate and poor to count).

The King's inability to realise the strength of the movement is evident from the fact that as yet the main response has been the traditional one of force. Reforms, it seems, have not been contemplated.

Apart from crushing the agitators (if necessary, by use of the army which remains loyal to the king), the present prime minister, Mr Marich Man Singh, seems certain to be replaced. The attempt to make him a scapegoat suggests that the King and the closed circle around him do not recognise the reality that the agitation will not go away, although the tempo may wane for some time.

Ministers and officials close to the King speak of the agitators' audacity in going against the verdict of the people, since a controversial referendum in 1980 showed a narrow majority in favour of the present partyless system. There is no talk as yet of holding another referendum.

They also point to the strains on the economy as a result of the year-long confrontation with India, as well as the changes in the Indian government and in eastern Europe as triggers for the present agitation.

Independent economists point out that, although the Nepal economy has been hit by the confrontation with India, unemployment as a result did not exceed 10,000 and inflation was held at around 10 per cent; so this could not be a cause for popular disaffection.

The King's lack of response to the protests is made easier by the fact that New Delhi is not willing to support the agitators. This is the signal officials in Kathmandu got from the recent successful Indo-Nepal talks.

Nepali analysts point out that no movement for reform has ever been successful without at least tacit and moral support from the Indian authorities.

Many claim that the agreements to be signed with New Delhi in the next few weeks are a trade-off by the King to gain Indian neutrality. If this is the case and the King concludes that it will enable him to ignore political reforms the Nepali monarchy itself may be imperilled.

Midland to tackle staff dismay at £261m loss

By David Lascelles, Banking Editor

MIDLAND BANK staff will next week be shown a video from Sir Kit McMahon, the chairman, urging them not to be downhearted by the bad publicity surrounding the bank's results, in particular the heavy losses suffered by its treasury.

The bank's strong underlying performance "compares very well with other banks," he will tell them. The viewing will coincide with the arrival of a new treasurer, Mr David Clark, whose job will be to steer Midland out of its troubles.

Sir Kit's electronic message will have to be powerful if it is to soothe the anger that swept through Midland last week on news that the treasury, the division which manages the bank's financial position, had lost at least £116m by taking a wrong bet on interest rates last year. This contributed to Midland's overall loss of £261m.

"Tragic" was the blunt epithet used by one executive. Apart from adding to Midland's overall losses through Third World debt, it interrupted a much-needed improvement in its performance ratios. However, the loss has also spotlighted a growing problem for the big clearing banks: how to manage their balance sheets when interest rates are hovering close to record highs.

Although Midland was not alone in its suffering, none of the other banks were hit as badly. Barclays Bank admitted to a £22m treasury loss. Lloyds Bank said its results were hit by treasury problems, though it refused to put a figure on it. Only NatWest claimed to have made a profit.

Midland's interest rate strategy is set by its Group Asset and Liability Committee (Galco) which, when the problem started in late 1988, was chaired by Mr Ernst Brutsche, the head of treasury, who was responsible for reporting its proceedings to Sir Kit.

Galco believed that UK interest rates were close to their peak, so the treasury positioned the bank to take advantage of the expected fall by buying fixed rate assets and selling floating rate liabilities. That included taking positions in the gilts and swaps market. Short-term rates were still higher than long-term rates, so Midland made a loss just by buying gilts, though that was expected to be temporary.

Unfortunately rates climbed still higher and Midland was begining to rack up serious losses by early 1989. At this point Barclays, which was in a similar situation, decided to cut its positions. "Midland stuck with it when we decided to pull out," said Mr Brian Pearse, Barclays' finance director.

In May Mr Brutsche left Midland and was succeeded as Galco chairman by Mr George Loudon, the chief executive of Midland Montagu, the division which included the treasury. This change coincided with yet another rise in base rate to 14 per cent, but still Midland stuck with its positions. When rates hit 15 per cent last November Midland had no choice but to sweat it out.

Midland will not say how large those positions are or exactly what its losses amount to. However, close observers estimate the positions at £4bn-£5bn. Sir Kit admits that their effect will continue into this year.

What has particularly surprised people is that a pillar of the banking community should apparently have taken such a big gamble. That is not normal practice for clearing banks and some analysts said this reflected Midland's urgent need to improve its poor profit record.

Other bankers, however, have not been rushing to condemn Midland – they too thought interest rates were about to fall at some time in the last 18 months and now face similar problems.

"Every bank has to position itself," said Mr Brian Pitman, chief executive of Lloyds Bank. "But it is a question of degree." Last year Lloyds made a £900m fixed rate loan to Lloyds Bowmaker, the finance house it sold to its affiliate Lloyds Abbey Life. That deal alone lost it £46m.

The clearing banks' dilemma is that they treat their treasuries as profit centres and expect them to to contribute to the group's bottom line. At the same time, however, the treasury is supposed to protect the group from the gyrations of the interest rate markets.

Mr William Mason, a senior executive in group financial control at NatWest, said his bank pursued a policy of interest rate neutrality, so it could be indifferent to changes in the cost of money. This requires a careful balancing act, and the results are often unexciting in profit terms. But they paid off last year because NatWest was able to ride the surge in rates better than its rivals.

The irony of Midland's losses is that its treasury performed very well in 1988. That underlines the volatility of the business.

However Sir Kit's video message stresses that new systems and a new team will now be running the treasury, the implication being that the bank will be more risk-averse from now on.

Sir Kit McMahon: "bank compares well with others"

Protest as MP fails to declare interest

By Ivor Owen, Parliamentary Correspondent

MR Hugo Summerson, Conservative MP for Walthamstow, was attacked by Labour MPs in the Commons yesterday for failing to make an immediate declaration of interest when opposing a private member's bill designed to curb the activities of predatory property developers.

The bill sought to make it obligatory to obtain planning permission before demolishing a house. It failed to win a second reading.

Mr Allan Rogers, Labour MP for Rhondda, intervened to protest that Mr Summerson had spoken for several minutes without disclosed that he was a chartered surveyor and a director of a property company.

Mr Summerson explained that he was nearing the point in his notes where he intended to declare his interest.

Mr Michael Foot, the former Labour leader, argued that it was essential for a declaration of interest to be made initially so that the House was able to take it into account in forming a judgment on the views expressed subsequently.

Invited to clarify the position by Sir Paul Dean, the Deputy Speaker, Mr Summerson immediately confirmed that he was a chartered surveyor and a director of Palatine Properties, from which he had drawn no remuneration since June 1987.

He maintained that the demolition of houses to prepare the way for other forms of property development could make a contribution to meeting the needs of first-time buyers and those without homes.

Mr Hugh Dykes, MP for Harrow East, said the Bill was needed to protect the environment against a minority of "ruthless, rapacious developers." On occasion he said, 10 or 12 houses had been demolished and bribes and harassment used to remove long-time residents in adjacent properties who did not wish to leave.

Mr Michael Spicer, Minister for Housing and Planning, urged the House to reject the bill, saying it conflicted with the Government's deregulation philosophy and would lead to more bureaucracy. He said the Government intended to introduce a bill to improve the planning laws and said a consultation paper on planning issues would be published in April.

The Debate on the Planning Premises (Demolition of Houses) Bill was adjourned and now has little chance of becoming law.

● Amid angry scenes, Labour MPs accused government supporters of prolonging the debate to block another measure authorising compensation for all ex-servicemen affected by cancer and other diseases arising from participation in the testing of Britain's nuclear weapons in the 1950s.

Watchdog finds DSS 'errors'

By Eric Short, Pensions Correspondent

THE DEPARTMENT of Social Security is making significant errors in the payment of unemployment benefit and failing to act against some employers who evade National Insurance contributions, according to the National Audit Office.

The NAO, the parliamentary watchdog on government expenditure, also said in a report published yesterday that the department was failing to apportion costs correctly between different social security benefits.

Those are the main reasons given by Mr John Bourn, head of the NAO, for qualifying the accounts of the National Insurance Fund for the year ending March 1989. Mr Bourn also qualified the accounts of the NI Fund for the previous year.

His report shows up serious deficiencies in many areas of operation of the DSS, in particular in the payment of NI Contributions. Employers are required to calculate their own and their employees' contributions and to maintain records.

The DSS relies on two methods of control – examination of the employers' returns and visits by inspectors to employers and the self-employed.

Internal checks by the department have suggested that there is large-scale undercollection of contributions, either from deliberate evasion by employers or from incompetence which, because of lack of skilled staff, is not being detected.

He points out that in the majority of cases of underpayment, claimants were paid income support instead and suffered little or no loss of benefit.

The DSS would make no immediate comment on the report. But it said the first stage of its computerisation programme was due to come into operation at the end of this year, which should resolve many present difficulties.

Elderly risk eviction from homes, MPs say

By Alan Pike, Social Affairs Correspondent

MANY OLD people may face eviction from residential and nursing homes if the Government's community care plans are implemented as they now stand, the Commons Social Services Committee says in a report published yesterday.

If people were evicted there might be no alternative for them except unsuitable hospital beds, with "unfortunate consequences" for the National Health Service's ability to offer other services.

The cross-party committee says its concerns arise from "inadequacies in the level of social security benefits" rather than the specifics of the Government's plans to transfer co-ordinating responsibility for community care to local authorities next year. It says the amount of benefit paid did not meet the costs of residential and nursing care.

The committee calls for local authorities to be given extra money to cover the gap "which has opened up in recent years" between social security levels and actual residential and nursing home costs. If current benefits were not sufficient to meet the cost of care, the sums transferred to local authorities under the new proposals were likely to be insufficient.

Most on the committee are Conservatives. Only one, Mrs Ann Widdecombe, voted against approving the report.

Social Services Committee Second Report: Community Care Future Funding of Private and Voluntary residential Care. To be published as HC 257.

Media promotion inquiry will look into ownership

By Raymond Snoddy

THE SADLER inquiry into cross-media promotion will include a look at media ownership and concentration of power within the industry.

Issues of ownership are not in the terms of reference of the inquiry set up in December by the Department of Trade and Industry.

However, Mr John Sadler, a former member of the Monopolies and Mergers Commission, has decided it is impossible to look at how media companies promote their interests in media products and services without considering ownership.

The inquiry has also asked for formal evidence from Sir Gordon Borrie, Director General of Fair Trading. The OFT was close to recommending a reference of the newspaper industry to the Monopolies and Mergers Commission when the DTI decided a broader inquiry was to be preferred. Under competition legislation, only Mr Rupert Murdoch's News International, with its five national newspapers, would have qualified for a formal investigation.

The inquiry has called for submission of evidence by the middle of this month.

Hospitals will test AIDS drug

By Peter Marsh

A NEW AIDS drug is to be evaluated in Britain over the next 18 months in a series of tests on patients at several hospitals.

The tests might involve as many as 300 patients by the beginning of next year and might be a prelude to the medicine's being granted a product licence by the Government, possibly by the middle of the year.

The formulation is Videx, otherwise known as DDI, which is made by Bristol-Myers Squibb, a big US pharmaceuticals company.

The UK trials, announced yesterday, will be carried out under the control of the UK Medical Research Council. It will pay £1.1m to co-ordinate the tests.

Videx is already available in the US in a special series of trials although it has yet to gain government approval so that it can go on general sale.

The US trials, involving 5,300 patients, are thought to be going well.

Bristol-Myers Squibb is to provide the drug free for the UK tests.

The hospitals in the trials will include St Mary's Hospital and the Middlesex Hospital, both in London.

Under the trials procedure, Videx will be offered to people with AIDS who have tried Retrovir, the only AIDS drug generally available, but found either that it was ineffective or showed unpleasant side effects.

Retrovir is made by Wellcome, the UK pharmaceutical company.

Wandsworth sets £148 poll tax

By John Authers

THE POLL TAX rate of £148 set by the Tory-controlled London Borough of Wandsworth is the lowest so far in mainland Britain.

The announcement was greeted by Labour allegations that the figure depended on favourable government grant treatment and heavy drawing from reserves which the council would not be able to repeat.

However, Mr Maurice Heaster, the council's finance committee chairman, said Wandsworth intended that its poll tax rate would remain the lowest in the country.

The Wandsworth figure is £23 less than the Government's target. The only other London council to charge less than the Government's estimate is Westminster, on £195.

Labour says both results were only achieved as a result of large government grants and drawings on reserves, so that poll tax revenue makes up only a small proportion of the councils' budgets.

Mr Heaster said the council had taken £17m from reserves. "We have always used balances," he said. "This is not the first time we have made this draw in percentage terms," he said. The low poll tax level was a continuation of 12 years of prudent management by the Conservatives.

Ms Fiona Mactaggart, leader of Wandsworth's Labour group, said the Government was contributing 82 per cent of the council's revenue.

Labour has put the Westminster figure at 90 per cent, against an inner London average of 46 per cent.

Labour has also protested about the £116 per head "safety net" relief, one of the highest.

Wandsworth's thunder was stolen by the Shetland Islands Council, which will have the lowest poll tax in Britain this year at £127.30, an increase of £13 over the current year. Shetland benefits from the presence of the Sullom Voe oil terminal, but other islands councils also levy low poll taxes. Orkney islanders pay £160 and the Western Isles tax is £196.

The average charge in Scotland for next year will be £328, a rise of £27 on last year. Edinburgh, on £438, and East Lothian, on £407, are the only authorities to exceed £400.

COMMUNITY CHARGES	
AMONG THE HIGHEST PROPOSED:	
Brent	£496
Oxford City	£489
Ipswich	£440
Waltham Forest	£438
Manchester	£425
AMONG THE LOWEST:	
Wandsworth	£148
Montgomeryshire	£169
S. Pembrokeshire	£170
Ceredigion	£179
Westminster	£195

Loan risk warning must stay

By John Authers

"PUBLIC HEALTH warnings" about the risk of losing a home must remain on advertisements for loans secured by mortgages, the Appeal Court ruled yesterday.

The requirement was introduced last year after representations by the National Consumer Council and the Consumers' Association.

First National Bank, the subsidiary of First National Finance Corporation, appealed after the High Court rejected its application for a judicial review, which it sought because there is also a risk of losing a home after defaulting on an unsecured loan, although warnings about such loans are not required.

Mr Michael Beloff, representing First National Bank, said: "Undoubtedly the warning is correct as far as secured loans are concerned. It is clearly misleading as far as unsecured loans go." He showed a newspaper with advertisements for different loan schemes, and suggested that consumers would be misled by seeing warnings on some schemes, when other loans had the same ultimate risk.

Dismissing the appeal, Lord Justice Dillon said: "The risks of dispossession are more immediate if security has been provided by way of a mortgage.

"It may well be appropriate that some warning be put into advertisements warning consumers of the risk to their homes if they default on the payments of a loan which is unsecured. But I do not find it unreasonable to include a provision first of all where the home is at greater risk. I do not myself see the danger of persons taking up loans at higher rates of interest because they have been warned of the risks on lower rates of interest."

Insurance companies weather a change in consumer trends

Patrick Cockburn explains that the escalating cost of damage claims reflects more than just an increasingly volatile climate

THE DAMAGE caused by storms in the UK in the past two months is likely to cost more in insurance claims than all the storms of the previous five years put together – including the hurricane of October 1987. Those costs, in turn, were greater than in the previous 25 years.

Insurance companies, along with meteorologists, generally accept that European weather in the 1990s is becoming more volatile, regardless of whether the greenhouse effect has anything to do with it. Indeed, the storms and lashed coastlines of recent years follow a 50-year meteorological lull – 1910 to 1960 was the mildest period for 1,000 years.

It would follow, then, that the reason for rising insured losses is the increased severity of storms and floods. However, for UK and Continental insurance companies, the escalation in the cost of claims is better explained by changes in the pattern of insurance rather than in the pattern of weather.

The east coast floods of 1953, for example, cost insurers £900m (at today's prices), compared with perhaps £2.5bn for storms in 1990. Yet flood claims cost an average of 10 times as much for each incident as did damage caused by a storm. One of the lessons of 1987 and 1990 is that storm insurance has changed more than storm damage.

Mr Andreas Schraft, of the Swiss Reinsurance Corporation in Zurich, told a conference organised by the Insurance and Reinsurance Research Group in London last week: "Since the Second World War, an immense increase in insurance density has occurred. Nowadays in mass business almost all risks are insured against wind storm."

Mr Graham Shearn, corporate planning manager at Sun Alliance, makes a similar point. He says that before 1976 the exposure of the insurance companies would have been significantly lower. In the past, flood cover was not generally available to householders.

It was not until the early 1970s that millions of policyholders with fire cover were persuaded to shift to comprehensive contracts including cover for storm, flood, burst water pipes and subsidence. A further innovation at that time, Mr Shearn adds, was that "replacement as new" contracts replaced contracts that simply compensated for the current cost of a loss.

At the same time, houses and their contents have increased in value. For instance, fitted carpets are now commonplace and are rarely useable after floods. Fitted kitchens can also cost thousands of pounds to replace. Another less obvious source of increased claims is the growing popularity of winter holidays, which means that more houses are left unoccupied during that season.

Windstorm damage has become particularly expensive because gusts of over 90 miles an hour lead to claims from about half of all household insurance policies, analysis of the 1987 hurricane has shown.

Then, 95 per cent of all losses to non-industrial buildings were less than £5,000, says Dr Schraft. The average claim was £700.

Insurers make two further points about escalating claims. In the first place, people are more conscious of insurance and the tendency to claim is stronger. Secondly, the sheer number of claims is now enormous. Commercial Union, the UK composite, had 90,000 claims from policyholders in January. As a result, systematic inspection of losses becomes impossible and pressure on the building industry means an increase in repair cost.

How will insurers respond to recent losses? All the companies carry their own insurance in the form of reinsurance above a certain level: Commercial Union and General Accident for losses above £15m and Royal Insurance, caught without reinsurance in 1987, for losses above £35m.

Even so, the number of bad weather incidents pushed Royal's estimated net losses from bad weather in 1990 to £85m. That is serious, since its pre-tax profits for 1990 were forecast, before the storms, to be £100m.

On the other hand, buoyant financial markets in the 1980s mean that underwriting losses from disasters in the UK have little effect on the share price of the big composite insurers. The increase in the value of their assets allows them to pay increased dividends, regardless of their trading losses.

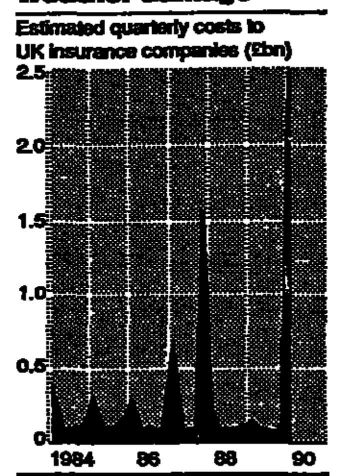
What will the impact of the recent storms be on household premiums?

Mr Ian Rushton, chief executive of Royal, says that after the January storms, the company did not believe there was any need to raise rates. However, gales and floods in February had modified that stance. He said much depended on what happens to rates for reinsurance – reinstating Royal's reinsurance is likely to cost half as much again – but his own instinct was that household premiums would go up.

Mr Graham Dimmock, a senior manager at Swiss Reinsurance Corporation, makes a similar point. He says: "If what we are now experiencing is normal winter weather, then prices charged to the consumer have to increase to reflect the claims experience being incurred. The reinsurance industry will not be willing to fund such recurring losses."

Weather damage

Estimated quarterly costs to UK insurance companies (£bn)



Storm victims: salvaging possessions after Welsh floods

Reserves rose by $114m in February

THE BANK of England intervened during February to prevent sterling strengthening further on the foreign exchanges and stoking inflation according to Treasury statistics released yesterday, writes Rachel Johnson.

The Treasury announced that the UK's underlying official reserves rose in February for the third consecutive month by $114m to $38.5bn.

Blue Arrow case

THE CASE of the 11 City figures and three investment banks charged in connection with the Blue Arrow rights issue has been transfered to the Old Bailey, writes Richard Waters. No date has yet been set for the trial.

The charges of conspiracy to defraud against the 11 individuals and three banks relate to Blue Arrow's £837m rights issue which was launched in September 1987.

Profits record

BRADFORD & BINGLEY, the eighth largest UK building society with assets of £7.16bn, yesterday reported record profits in 1989, writes David Barchard.

Pre-tax profits rose by 25 per cent to £88m from £70.5m in 1988 while assets grew 25.7 per cent to £7.16bn from £5.7bn. Mortgage lending rose 25 per cent to £1.8bn, giving the society a 4.3 per cent share of the total building society mortgage market.

Climatologists and meteorologists dispute what makes an aberration

By David Fishlock, Science Editor

THE ONLY consistent thing about our climate is its inconsistency. It is unpredictable enough to make it an everlasting topic of conversation.

Even the idea of a profound climatic change is hardly novel. Only two decades ago the climatologists were claiming confidently that the weather was getting colder. We were entering a new Ice Age, they said.

The meteorologists disagreed. They said we simply did not have enough data to make such judgments.

Today, climatologists and meteorologists seem broadly to agree that the Earth is getting warmer, although not at a rate that should be used to explain aberrant weather such as recent storms. The fact is, normal variations in weather in north-west Europe are so wide that such aberrations invariably fall well within the span of historical weather records.

What is no longer disputed is the steady rise in trace gases contaminating the atmosphere, source of the "greenhouse effect."

The greenhouse effect is not a new phenomenon, but one that has been recognised since early last century. The Earth's atmosphere has always been warmed in this way. Just as glass allows sunlight to enter a greenhouse and trap the air it has warmed, so these trace gases soak up the sun's infra-red radiation (the heat rays).

Ignoring water vapour – which varies widely – the atmosphere is more than 99.9 per cent a mixture of nitrogen, oxygen and noble (unreactive) gases. The greenhouse effect is rooted in less than 0.1 per cent.

But assays of air bubbles trapped in the perpetually frozen Polar regions suggest that, while the traces of two naturally generated greenhouse gases – carbon dioxide and methane – stayed constant from the end of the last Ice Age, some 10,000 years ago, until about 300 years ago, they have since risen substantially. Methane levels may now be rising at 1 per cent a year.

Another discovery is that a natural self-cleansing propensity of the atmosphere to rid itself of such trace gases is being blocked by carbon monoxide, one of the greenhouse gases, which is also increasing by human action.

Climate – the interaction of atmosphere, ocean, land, vegetation and ice – is too complex to reproduce in a laboratory. As a substitute, the scientists try to simulate the situation in the computer – the mathematical climate model.

The most sophisticated are called global circulation models and need a supercomputer. Such models are tending to show broad agreement that a rate of warming unprecedented in human history is in prospect, anything from ten to 100 times as fast as followed the last Ice Age.

How confident can we be of their predictions? Many global processes that influence climate are simply too small to be modelled on global scale even on the most powerful computer.

Clouds, for example, act both by absorbing and reflecting heat rays, and the balance will depend on their brightness, height, cover, etc. The models cannot yet cope.

Climatologists now believe they – and the power of computers – are making progress at a rate that should demonstrate convincingly whether or not global warming is a reality in the next decade or two.

Still more powerful computer models may be needed to show whether climatic changes consequent upon global warming would really be a human threat, as is so commonly assumed at present.

Certainly it would bring marked economic and social changes. Yet harnessing those changes to the world's benefit might possibly be a more constructive international challenge than simply trying to maintain the status quo.

UK NEWS

Spices company decides against using irradiation

By Clay Harris, Consumer Industries Editor

McCORMICK, the world's largest supplier of spices, has decided not to use the controversial process of irradiation.

Its plan to use steam pasteurisation to ensure the purity of spices may play a significant role in determining whether food irradiation succeeds commercially in Europe.

Irradiation involves bombarding food with gamma rays, electrons or X-rays to kill bacteria or prolong shelf life. The UK Government plans to legalise its use for all foodstuffs later this year, but it is banned in West Germany, while the European Community is considering its position.

The European Parliament has signalled its opposition to allowing the use of irradiation on any food product except herbs and spices.

McCormick is building a new plant on Merseyside which will have the capacity to treat all the spices used in Britain, as well as to supply a large proportion of demand from elsewhere in Europe.

The US-owned company, which accounts for more than half of UK retail sales of spices, will offer to treat spices for competitors under contract. Its use of a natural process, using steam under pressure, is likely to prove a competitive advantage against any rival suppliers which use irradiation.

Dr Johannes Friedrich Diehl, director of West Germany's Federal Research Centre for Nutrition, said his institute had tested alternative methods to the irradiation of spices, including heat. He said if the European Parliament succeeded in having the use of irradiation confined to herbs and spices, "that's the end of food irradiation in Europe."

Spices are often dried in conditions that lead to contamination by insects or other sources. Proponents of irradiation see spices as an ideal product on which to apply the process because the main alternative method, fumigation with ethylene oxide, uses a mutagenic gas and is forbidden in many countries. Britain's ban on ethylene oxide takes effect at the end of 1990.

Mr Roger Jones, McCormick's UK manufacturing director, said the company had decided against irradiation primarily on cost grounds. "But we would have been fools to fly in the face of the consumer reaction to irradiation," he added.

Success of ray process rests with consumers

By Clay Harris

CONSUMERS alone will determine whether food irradiation is a success or failure, the food policy adviser of the National Consumer Council said yesterday.

Mrs Ann Foster said the council, an independent but Government-funded body, accepted expert reports that "irradiation is a safe process when properly applied at the recommended doses." However, she added: "So, it's safe, but do we want it? It appears to be a technology looking for a market. It is not consumer-driven."

Consumers must be able to choose between non-irradiated and clearly labelled irradiated food, Mrs Foster told a conference in London on Irradiation and Combination Treatments.

"We have urged the Government to delay the introduction of irradiation until we have a range of detection tests that will stand up in court," she said.

The Government's Food Safety Bill now before Parliament lifts the ban on food irradiation.

The process, which involves bombarding food with gamma rays, electrons or x-rays, kills bacteria and inhibits the sprouting of root vegetables and the ripening of fruit.

Pleas for green policies fall on stony ground

John Hunt examines prospects for environmentalists in negotiations on the forthcoming budget

THE "greening" of Mrs Thatcher's policies, which emerged in her speech on the environment to the Royal Society in 1988, failed to blossom in last year's budget.

The Chancellor merely knocked 3.6p a gallon off the price of unleaded petrol, making it about 10p cheaper than leaded at the pumps. The reduction helped to lift the use of lead-free to about a third of all petrol sold and most outlets now stock it.

That concession, though, was the only item on offer to the green lobby, which saw the 1989 budget as a lost opportunity. Yet there appears little prospect that Mr John Major might do much more for exasperated green campaigners than his predecessor, Mr Nigel Lawson.

Mr Major has little scope this year to introduce new taxes on pollution or for novel incentive schemes when industry is groaning under the burden of high interest rates and the Government is committed to the continuing battle against inflation.

In fact, budget discussions are being overshadowed by the wide-ranging environment white paper, which the Government plans to publish in September.

Arguments on taxes and other new measures to control pollution – notably a carbon tax on fossil fuels – will figure in the Cabinet debate on that document rather than in the budget.

Nevertheless, the Chancellor will not lack advice from environmentalists. The introduction of a resource tax on raw

materials to discourage waste and make recyling more economically attractive has been urged by Greenpeace, Friends of the Earth and the World-wide Fund for Nature.

A tax on artificial fertilisers, which have been blamed for the increased level of nitrates in water supplies, is also a popular option with some. Others again would prefer to see tougher regulations.

Nevertheless, studies suggest that a high rate of tax would only reduce the use of such fertilisers by a small amount.

Motor transport and the expansion of the road system have become significant targets of the environmental movement as a result of huge growth in the number of cars and hence of the pollution they create.

Department of Transport projections suggest that the number of miles travelled on the roads may double by the year 2025. There is also a trend towards larger cars, which create more pollution.

Mr Cecil Parkinson, the Transport Secretary, recently hinted on television that ministers are considering financial incentives to encourage motorists to opt for smaller-engined cars to reduce environmental damage. For every 100cc reduction in engine size, it is estimated there is a 3 per cent drop in emissions of carbon dioxide – the main gas that contributes to global warming.

Greenpeace, the environmental pressure group, is targeting company cars for action in this year's budget and wants to see the system's tax benefit removed.

It claims that every year company cars in the UK add to the atmosphere more than 143m tonnes of carbon dioxide.

"If the Government is genuine about tackling the greenhouse effect, it should stop subsidising private transport and concentrate resources on an integrated public transport system," said Mr Steve Elsworth, Greenpeace atmosphere campaigner.

The Institute for Fiscal Studies (IFS) has looked at the possibility of a tax incentive to encourage the fitting of catalytic converters, which remove carbon monoxide, nitrogen oxides and hydrocarbons from vehicle exhaust fumes. Car tax could be reduced by the cost of fitting catalysts – to the tune of anything between £300 and £800.

The catch is that catalysts may actually increase the amount of carbon dioxide emission and, in any case, EC regulations will see new cars fitted with them by the end of 1992.

Measures to encourage energy saving and reduce the use of carbon dioxide-producing fuels such as coal and oil are being advocated to reduce the danger of global warming. At the moment, the UK does not levy value added tax on domestic electricity or gas but there is VAT on energy-saving goods.

If you buy a roll of insulating material, you pay VAT at 15 per cent. When you burn gas or switch on electricity in the home, you do not pay VAT.

The Association for the Conservation of Energy (Ace) is pressing for that anomaly to be removed. The association argues that the Government should introduce VAT on domestic fuel or remove it from a range of materials that conserve energy.

Mr Andrew Warren, of Ace, would prefer the latter, as it would not contribute to inflation. Sooner or later, he argues, the Government must take action to make treatment equal for all those in the field.

Pollution control: An environmental campaigner monitoring traffic fumes in London

A tax on all energy consumption has been advocated in the bulletin of the Henley Centre for Forecasting as a means of avoiding the consequences of global warming.

"Market forces left to their own devices will patently not work," it says.

It favours the simple approach – increase taxes on all forms of energy and adjust them as necessary when there is wider scientific agreement about the mechanisms of the greenhouse effect.

Given inflation at 6 per cent, it estimates that the price of energy in 1994 would have to be double its 1989 price in order to contain consumption to 1988 levels.

That would involve such a large tax yield – £18bn a year – that it would depress economic activity and face pensioners and one-parent families with hardship. To offset that, about £1.7bn from the tax would need to be used to increase state pensions and child benefits.

The white paper now under discussion will centre on the market-based approach of last year's report by Professor David Pearce, of University College, London, who is now adviser to Mr Chris Patten, the Environment Secretary.

But even those proposals are unlikely to be quickly implemented.

The document will outline long-term environment policies which will probably form a strong "quality of life" theme in the next Conservative election manifesto as part of a programme for the next decade.

Former City man is sentenced to community service for insider dealing

A FORMER City employee who admitted insider dealing was sentenced at Knightsbridge Crown Court in London yesterday to serve a community service order, writes Emma Tucker.

Mr Malcolm Gooding, a former employee of UTC Securities, a financial services group, was remanded on conditional bail until March 30 to allow time for a social inquiry report to be prepared before the terms of the order are decided.

Mr Gooding pleaded guilty to eight charges of insider dealing in September 1987. The charges relate to shares in Hawtal Whiting Holdings, a design and engineering services company. The court heard on Thursday that he had bought and sold the shares over a three-day period for a net profit of £456.

Defending Mr Gooding, Mr David Farrington asked the judge to deal with his client in a compassionate way. "He has been under intense pressure," said Mr Farrington.

The court heard that Mr Gooding bought shares in Hawtal after a conversation with Mr Robert Hawker, a company director, during which Mr Gooding advised him that a proposed takeover of Hawtal by First Security Group would not be a good idea. He offered instead advice on streamlining the company. He purchased the shares as a long-term investment, believing Hawtal would follow his advice, Mr Farrington told the court.

When Mr Gooding later heard that Hawtal would probably go ahead with the First Securities deal, he was surprised and disappointed because he thought he had given sound advice about staying separate.

Mr Gooding went to UTC's compliance officer, Mr James Ashby, and told him the details of the Hawtal and First Securities negotiations and asked him to interpret the situation.

Mr Farrington said that, on Mr Ashby's insistence, Mr Gooding sold his Hawtal shares on September 11. Mr Ashby never brought up the possibility that Mr Gooding's moves might be construed as insider dealing. In December 1987, Mr Gooding resigned from UTC and moved to another financial services company.

Mr Clive Coventry, a dealer at Kleinwort Benson, reported Mr Gooding's share dealing to the Department of Trade and Industry.

After Mr Gooding was interviewed by DTI inspectors in March 1988, he was asked to find another job, and, Mr Farrington said, when he was charged with the offences he was "blacked" by the City and had to leave it altogether.

Mr Gooding took a job as a consultant tree surgeon on a commission-only basis. At the time the company was not doing very well and he left. He has since been on supplementary benefit.

The judge released Mr Gooding on bail on condition that he has no contact with any of the prosecution witnesses. That condition was made after the prosecution disclosed that on February 27 last year Mr Gooding had made a threatening telephone call to Mr Coventry.

EMPLOYMENT

Ford craftsmen end stoppage at Halewood plant

By Michael Smith, Labour Correspondent

STRIKING CRAFT workers at the transmission section of Ford's Halewood plant decided yesterday to return to work in a vote that will encourage the company's hopes that it can resume near normal production at the plant on Monday.

However, more than 400 craft workers in the body and assembly sections at Halewood voted to continue their stoppage until at least Wednesday.

Halewood has been closed since mid January because of the strikes and 8,000 semi-skilled workers have been laid off. However, the company plans to open all three sections of the plant on Monday on the assumption that the semi-skilled will heed its call to return to work and allow managers to carry out some of the duties of the absent skilled workers.

Managers are increasingly confident that they will get the co-operation of the semi-skilled workers, who are meeting on Merseyside today to decide what attitude they should adopt.

The vote at the transmission section was taken among 150 members of both the AEU engineering union and the EETPU electricians' union. The EETPU members are expected to observe the majority decision although their strike is part of a nationwide official stoppage.

The decision of the other two Halewood sections to meet again on Wednesday was influenced by EETPU plans to ballot all 1,600 members in Ford's UK plants on whether they want to continue striking.

The EETPU national strike, over the company's pay offer, began on February 5. Members at Halewood had already been holding unofficial strikes, as had AEU craft members.

If Ford can reopen Halewood, it will probably be able to resume production shortly afterwards at Southampton, which depends on Halewood for supplies. About 2,000 people have been laid off there.

Lecturers' unions cool on latest Acas pay package

By Lisa Wood, Labour Staff

A REVISED pay offer for college lecturers will not be recommended by the four lecturers' unions. The package was negotiated at Acas, the conciliation service, in an attempt to end a long-running dispute.

The revised offer, with a slight increase in pay and modifications in working conditions, will be put by the unions "on a neutral basis" in a secret ballot to the 140,000 lecturers involved.

Lecturers in colleges of further education and adult education have been refusing to mark examination papers or take part in continuous assessment. The dispute concerns pay and changes in working practices demanded by employers.

In a joint statement after talks at Acas on Thursday night, the four unions and Lacsab, which represents the local authority employers, said the new offer was the best that could be achieved at Acas.

The employers said that, for their part, they stood ready to settle.

The new offer improves on an earlier 8.5 per cent pay rise, backdated to April 1 1989, by providing for a further 0.5 per cent rise on April 1 this year and a pay review on September 1.

Under the 1988 agreement, staff agreed to be prepared to work up to an extra 2¼ hours of "class contact" a week with a maximum of 22½ hours a term. However, special need had to be proved.

The employers, in the latest offer, maintain their demand to remove that clause but have offered to reduce the maximum extra hours to two a week in excess of their contractual class contact hours and to not more than 20 hours a term.

Employers also want principal lecturers and above to be available for work for up to 42 weeks a year, compared with 38 weeks, as in the present agreement.

Print negotiators agree 8.3% rise offer

By John Gapper, Labour Editor

AN 8.3 PER CENT increase in basic pay rates for 90,000 print workers, tied to the ending of demarcations and productivity improvements, was agreed yesterday by unions and employers.

The agreement, which will have to be approved in ballots by members of the NGA and Sogat print unions, includes a commitment for local productivity improvements to be introduced within three months of the pay increase.

It also commits the unions to ending demarcation within the skilled and semi-skilled grades, and encourages local talks on introducing triple shiftworking, in which machines can be operated continuously.

The British Printing Industries Federation said the productivity and flexibility parts of the agreement built significantly on the existing joint national agreement for the general printing industry.

The federation bargains on behalf of about 3,500 employers in the industry and is responsible for one of the largest remaining joint national pay agreements. The deal sets minimum wage rates for three categories of worker.

The unions and the federation also agreed to issue guidelines to employers on providing facilities for recruiting and retaining women workers, including workplace nurseries and career break schemes.

Mr Andrew Brown, the federation's director of industrial relations, said the deal contained "important elements on flexible working, efficiency and productivity" that would help companies to face a difficult trading climate.

The two unions are to put the deal to their executives, which will decide whether to recommend it in a ballot. The agreement also includes the setting up of a joint study of recruitment, training and employment trends.

The deal provides for increases in the minimum rates for three grades of worker of between £10.13 and £11.45. Most workers in the industry earn above the minimum rates because of extra shift payments and other increments.

Teachers complain of ministers' ignorance

Emma Tucker in Coventry assesses staffroom opinion in the run-up to a strike ballot

AFTER TWO YEARS of teaching at a Coventry school Mr Stephen Ware is feeling the strain of educational reforms and Government pay policy. "It's just one big pressure from all sides at the moment," he says.

Morale in Coventry's schools is again low. Extra work created by the Government's education reforms is causing frustration. Many teachers also resent what they regard as a lack of consultation and haphazard implementation of the reforms. They think it reflects ignorance among ministers of the varying needs of pupils in the state system and the contrasting demands of schools in different areas.

Yet the teachers, many of whom feel let down by their own unions, appear helpless. They believe they have no access to decision-making machinery in Whitehall and little political clout in putting their point of view.

The NASUWT teaching union is about to ballot on industrial action over a pay increase averaging 8.3 per cent being imposed by the Government on the recommendation of an interim advisory committee report. A vote for action could initiate the first strike since an extended period of unrest between 1984 and 1987. But the NUT is taking a lower key line than the NASUWT after losing members in earlier disputes.

This time round it is not just pay that is upsetting the teachers. Mr William Reese, an information and technology teacher at Finham Park Comprehensive, says be is unhappy about the stance taken by the National Union of Teachers under its general secretary Mr Doug McAvoy. "I'm not happy with the union's leadership. The National Union of Teachers has been mesmerised by the Government's policies," Mr Reese says.

Alan Harper

Gurpal Atwal: "We are trained to teach but are sidetracked by administration."

Ms Joan Ivans, a special needs teacher at the Alderman Callow School and Community College in Coventry says morale in schools is further depressed by the failure of business involvement in the running of schools.

The Government is encouraging businesses to become more involved in school curricula through schemes such as the Technical and Vocational Education Initiative. Individual schools are being encouraged to attract industrial sponsorship. "Sponsorship from industry is a laugh," Ms Ivans says. "Industrial governors are dropping out like flies. They are business men and women who simply don't have the time to attend a full four-hour meeting once a term plus work on sub-committees."

She adds that this has had a destabilising effect on her school. While school boards are being given greater executive powers it is becoming harder to find a core group of people from parents and industry willing to give up the time that the role of governor requires. For Mr William Reese the biggest headache is the administration associated with the National Curriculum and the new standards that have been set in vital subjects such as maths and English.

"The pace at which the National Curriculum is being introduced is intolerable," he says. "We will become clerks - teaching machines: what to teach, when to teach and how to teach. We are going to lose our professional freedom."

At the inner city Sydney Stringer School and Community College Mr Gurpal Atwal voiced similar grievances. "We are trained to teach but are sidetracked by administration. I am involved with the school's industrial links and this means a lot of extra work."

But for all the underlying dissatisfaction, teachers appear to be far from united about the advantages of going on strike. Ms Ivans, an NUT official, said: "It is shortsighted of the unions not to respond with the greatest vigour to the worst attacks on teachers and the state system since 1944."

Mr Gurpal, a member of the Assistant Masters and Mistresses Association, could not see what industrial action would achieve. "I sympathise with industrial action but teachers should take it on wholeheartedly," he said. "In the past it has been done in dribs and drabs and this has just ended up harming the kids."

Mr Ware would not strike. "I'm not a member of a union because I don't agree with industrial action, but I would respect the wishes of other unions if they walked out."

Even if teachers were to take industrial action, it would be as much over their inability to fulfil their expectations as educationalists as over pay. The extra demands being made on them has led many to feel that they cannot perform to their full potential.

"We're now playing such a basic role," said Ms Maggie Holsworth, an English teacher at Sydney Stringer. "We are not hung up on pay but are frustrated at not being able to do the job well."

Award of 11.7% likely for N Sea workers

By John Gapper

NORTH SEA contract workers on BP Exploration and Shell/Esso platforms are to get pay increases of 11.7 per cent and a package of other benefits following the wave of unofficial industrial unrest last year.

The package will bring the pay and conditions of contract workers closer in line with direct employees of the two companies on rigs, but unions yesterday predicted that it would fail to prevent a further bout of industrial action.

The pay and benefits improvements will cover all contract workers on BP and Shell rigs, but will not apply to the same workers if they are hired on contract by other oil companies operating in the North Sea.

The new conditions include a pay increase of 11.7 per cent, better sickness benefit, improvements in accident and life assurance benefit, better bereavement leave conditions and a commitment to implement pension schemes.

The deal was approved by BP and Shell after being proposed by four contracting companies including the John Wood Group. Mr Bill Carr, of the John Wood Group, said it was a major step in approving employment conditions.

Mr Carr said that offshore terms and conditions would be reviewed annually with a "clear commitment to maintain our employees' earnings levels." The deal involved bringing forward a pay increase due in September to April.

The Wood Group said the wage increase would take a craftsman's pay from £7.20 an hour to £8.04, allowing the workers involved to earn around £22,000 a year.

The deal follows resentment about offshore contract workers' pay and conditions, which were reduced in the wake of the downturn in North Sea trading. The salaries of direct employees remained at the same level.

There was a series of unofficial strikes by offshore contract workers last year, and unions said that the deal could provoke further unrest by making the pay and conditions of contract workers uneven.

Mr Warren Duncan, a National Union of Seamen official in Aberdeen, said craftsmen working for other operators would be on less favourable rates.

He said a two-tier pay structure was "a recipe for industrial disaster."

Mr Tommy Lafferty, chairman of the unions' offshore committee, said the deal was unsatisfactory because it had not been negotiated and could be taken away by the companies.

He said further industrial unrest was likely.

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 01-873 3000 Telex: 922186 Fax: 01-407 5700

Saturday March 3 1990

Government disarray

WHAT IS the difference between Mrs Thatcher and the captain of the Titanic? The captain of the Titanic did not see the iceberg. If the Government is to be sunk by the poll tax, it has only its own seamanship to blame. In introducing this new tax, the Government has violated the commandments of good public finance. But it has violated those of good politics as well.

Do not introduce a new tax, unless it is manifestly superior to the one it replaces; do not hope to disguise a tax as a charge for services rendered; do not impose a tax that is obviously intended to hit the not-quite-poor hardest; do not design a tax whose purpose is to focus resentment on local government, when blame can easily be shifted back onto the Government; do not introduce a tax aimed to curb increases in local government expenditure when services appear to be deteriorating; do not hope to use abstruse arithmetic, all of it based on the assumption that the Government knows how much local government should spend, to persuade an innumerate electorate that the bills are not your fault.

Above all, do not introduce a politically unpopular new tax when the opposition is resurgent and the "blip" in the economy looks like lasting until the next election. Naturally, this was not the Government's intention.

The poll tax is a legacy of the days of euphoria that is producing bitter fruit in those of panic. When Conservatives fear for their seats, the panic can be impressive.

Yet, for all the damage the poll tax will do, it is unlikely to determine the next election. The difference between the Government's estimate of the poll tax (£278 a head) and the likely outcome (£370 a head) will add some three quarters of a percentage point to inflation, but the effects of this will pass. What is essential for the Government is to recover its reputation for competence, which depends most of all on the performance of the economy.

Judge and jury

This will be no easy task. On inflation, the "judge and jury", the Government has lost much of its reputation. The headline rate of inflation is set to rise to 8½ per cent some 18 months after Mr Nigel Lawson's reference to the current episode as a "blip". Last November's Treasury forecast of 5¾ per cent retail price inflation by the end of 1990 (judged by most pundits as pessimistic at the time) looks almost certain to be exceeded. Meanwhile, the agreement by Rover to accept the 37-hour week merely confirms that the labour market remains tight and that unit cost inflation in manufacturing is likely to rise still further.

How do the latest trade figures fit into the picture? The deficit in the latest quarter, at £4.4bn is £1.4bn smaller than in the preceding quarter. Excluding both oil and the erratic items the volume of exports in the latest quarter is 11 per cent up on the same quarter a year ago, while that of imports is up only 2 per cent.

Encouraging

This performance is encouraging, not so much for what it says about the trade deficit itself (whose significance tends to be over-rated) but for what it says about the British economy. Excess demand rather than lack of competitiveness was, indeed, the main cause of the huge increase in the trade deficit in 1988 and 1989. This problem is being cured, along with the other symptoms of past overheating, but the cure is too slow for the Government's electoral comfort. For that, the unwillingness of both Mr Lawson and the present Chancellor to go for overkill is largely to blame.

That failure could prove damaging for both the UK and the Government. During the stop phase of the current economic cycle, no great conflict has emerged between electoral considerations and those of good economic management. This will last through the forthcoming budget. There is no economic reason for large tax remissions and no political case for them either, at this stage.

But what happens if, as seems increasingly likely, the economic fundamentals do not come right over the next 12 months? The Government could face a sharp conflict between its desire to win the election and the needs of sound economic policy. The cynics assume that the Thatcher Government will choose the electorally more popular course. Interest rates will fall and taxes will be cut, regardless of the consequences.

Perhaps it is this calculation, as much as the dwindling away of the public sector debt repayment and the rise in bond rates worldwide, that has pushed gilt yields up to 12 per cent, two percentage points higher than last summer. If so, it is an ill augury for both the country and the Government. The presumed cynicism might well fail electorally, while much of what the Government has achieved would be thrown away in a little inflationary boom. If the Government is unable to avoid icebergs, it would be best if the crew went down gallantly.

Robert Graham reports on Cuba's dilemma after the Nicaraguan election

Twilight of the revolution

This week's electoral defeat of the Sandinistas in Nicaragua was so stunning as to be worthy of commemoration. Overnight the great cause of the left during the 1980s has been removed by a conservative US-backed coalition, giving the lie to the view that Latin Americans love to hate the gringos. Nowhere has the sense of shock been greater than in Cuba, the Sandinistas' closest ally.

Even without the Sandinistas' defeat, the spotlight has been on Cuba. The winds of change sweeping through eastern Europe have begun to erode the foundations of the revolution which Fidel Castro has presided over for 31 years. Indeed in recent weeks Cuban officials have been dealing with a string of journalists coming to Havana to ask embarrassingly direct questions about Cuba's future.

Their replies, when pressed, reveal the extent to which they feel Cuba to be on trial. "This is without doubt the most critical period the revolution has faced since 1959," a senior Cuban official conceded. In a keynote speech at the end of January, spelling out his reaction to events in eastern Europe, President Castro echoed this anxiety: "We are very aware, and we must be more so every day, that we are living in uncertain times."

In Havana the billboards covered with political posters have always been the weather-vane of President Castro's priorities and pre-occupations. These days they are full of slogans urging Cubans to defend socialism. The most frequent slogan is "Socialism or Death." Such a reckless challenge to the sworn enemy, capitalism, merely seems to emphasise the time warp that envelops the island.

The 1950s automobiles, the magnificent but decaying old centre of Havana and the over-grown gardens of abandoned villas have long placed the capital peculiarly outside time. But now there is added poignancy as Cuba and its 64 year-old leader are overtaken by the rapid end to super-power confrontation, the disintegration of communist-controlled eastern Europe and the discrediting of socialist economics.

President Castro's audience has shrunk to a disgruntled but captive public at home. Having moulded Cuba in his own image, he cannot easily tell his fellow countrymen they have been led in the wrong direction. The system is not at fault, he insists, merely its implementation.

From the outside, the pressures on the Cuban leadership may appear political, as one communist regime after another has given way to people power. But President Castro retains great charisma and inspires even greater loyalty. He still escapes direct blame for the failings of the system, even when such failings go right to the top, as in last year's discovery of senior Army and Ministry of Interior personnel dealing with the Colombian drug mafia.

By constantly appearing in public – hectoring, humouring but ultimately always a benign father figure – he lulls Cubans into a curious ambivalence. It is common to hear Cubans say in one breath: "I would give my life for Fidel" and in the next: "I don't know how we put up with all this queueing and shortage." All the positive aspects of the revolution are credited to Fidel himself and kept in a separate compartment. A couple queueing for ice cream echoed a refrain which has been familiar for several years: "If only Fidel knew how badly things worked, like the buses or the telephones, he would chase up the incompetent officials." President Castro has been chasing up incompetent officials in one speech after another for three decades.

The shake-up in the Party and administrative apparatus announced on February 17 was a belated recognition of the dangers besetting the regime. President Castro has now balanced the old-style communists with younger reform-minded officials. A streamlining of the party has created a broader pool of people to handle the succession. It can no longer be taken for granted that President Castro wishes the mantle to fall on his younger brother, Raúl, the Minister of the Armed Forces. But decisions at this echelon are so well-hidden that rumour is confined to foreign diplomats, who which spends their evenings idly speculating on who might challenge the President.

He is increasingly the prisoner of the unpredictable consequences of an economic system that cannot deliver the goods – the factor that was the catalyst for change in eastern Europe. The economy has been stagnant since 1986 and productivity has been declining as new entrants to the labour market from the 11m population continue to be guaranteed jobs. This year's sugar harvest, the pillar of the economy, is going to be poor – perhaps lower than 7.2m tons. This almost certainly obliges the country to purchase on the international market to fulfil Comecon obligations.

Castro is increasingly the prisoner of the consequences of an economic system that cannot deliver the goods

This is partly bad luck and bad weather but it is also the cumulative result of poor planning, lack of spares, and incompetent management.

Consumer goods are scarcer than at time in the past decade, and Cubans are discovering that they cannot even rely upon quotas guaranteed by ration cards. The Government admits to enormous difficulties in continuing its commitment to supply free milk in schools. In January the price of eggs and bread was raised and the latter's daily quota was cut by 20 grams. This was due to delays in Soviet wheat deliveries at the turn of the year and the need to make up the shortfall by buying on the open market.

Animal foodstuffs are being supplied in only three quarters the quantities necessary to tide livestock over the difficult November-May dry season. Every link in what might be termed economic Cuba's eco-system has become precarious, and, if broken, could provoke a damaging chain reaction. Recently the island had only 24 hours' stock of sacking thread – vital for cement, sugar and yeast.

The whole process of industrial and agricultural production is vulnerable to disruptions in the long supply chain that stretches from eastern Europe to Cuba. In the second part of last year, Cuba could only load 72,159 tons of the 113,505 tons of citrus for export to Comecon because of lack of ships. The complex structure of Cuba's trade within the clearly defined framework of a five-year plan has been undermined by the accelerating disintegration of Comecon.

"For decades our plans were based on the existence of a socialist camp, on the existence of several socialist countries in eastern Europe, in addition to the Soviet Union, with whom we signed agreements and established extensive economic relations." President Castro told the Cuban trades confederation, CTC, recently. "We do not know what kind of governments these countries will install. We have no security as to what trade will be like [with Comecon] in 1990 and we have complete uncertainty for the period 1991-95." Comecon accounts for 82 per cent of imports and 87 per cent of exports.

Even the "ever-lasting" Soviet friendship cannot be taken for granted. President Castro has warned that the Soviets may cut aid either because they are not in a position to provide it or because "internal problems, unquestionably associated with reactionaries and imperialism, openly advocate the end of these relations."

Existing aid levels were formalised in 1985 for the 1986-90 five-year plan.

The complex structure of Cuba's trade has been undermined by Comecon's accelerating disintegration

"We find it hard to quantify the precise level of our aid to Cuba," comments a Soviet official. "But annually it amounts to between $2bn-$3bn which is lower than the Americans think." The principal components are sugar purchases supported at more than double the international price; the supply of 67m tons of crude for 1986-90, also permitting the Cubans to resell the surplus saved (the single most important source of hard currency); and an array of trade credits, technical assistance, and large-scale military supplies. Also, Cuba's debts with the Soviet Union have been rolled over since 1982. Cuba's Soviet debt is at least $10bn, compared with $6.7bn owed to western countries.

The Soviets have thus sustained the sugar-based economy, made good Cuba's dangerous energy dependency, provided the weapons for defence and subsidised the revolution's main achievements: the elimination of poverty and the provision of universal health care. Three joint committees are now looking at every aspect of this aid and are due to report shortly.

The more radical Soviet economists recognise the illogicality of an operation that ties up 15 per of the Soviet commercial fleet. The constant movement of ships in and out of Havana harbour is a never-ending reminder of Cuba's dependence upon maritime links (there are some 2,000 Soviet sailings a year).

But no matter how much Moscow might wish to reduce assistance, Soviet officials recognise their obligations as well as their reliance on Cuba for one third of total sugar supplies, 40 per cent of nickel and the bulk of citrus. As a Soviet trade official put it: "We recognise the Cuban economy has reached the limit of its possibilities in its present form. The economy is very fragile and we cannot simply stop aid as it would have catastrophic consequences for the Cuban people."

The Soviet Union would have a freer hand if western countries were to trade more with Cuba or if the US were to end its 29-year trade embargo. But lack of hard currency credit has reduced Cuban trade with the industrialised countries by 40 per cent. Hard currency reserves are unofficially said to cover less than two weeks' imports. Meanwhile, the Cubans' constant headache of battling against the US economic embargo has been complicated by December's US invasion of Panama. Its banking facilities and free trade zone were an extremely useful conduit, and Cuba can no longer use them so freely to purchase sensitive US equipment such as computers.

Talks between Moscow and Washington have touched on Cuba's future, but the Bush Administration has refused to soften its position over lifting its economic embargo. Washington knows that Soviet bargaining chips, such as listening posts in Cuba, aircraft reconnaissance and submarine refuelling facilities, are of declining importance. President Castro himself has few cards to play now that the US has agreed to withdraw troops from Angola and is close to withdrawing them from Central America.

The behaviour of seven successive US presidents has conditioned the Cuban leader to be defensive. The existence of the US base at Guantanamo is seen as a permanent provocation, sufficient enough to justify Cuba possessing the most experienced and largest standing army in Latin America. Patriotism and the evil intentions of imperialism remain President Castro's weapons to mobilise the population.

"They [the US] want to destroy the Cuban revolution," says Mr Jorge Gomez Barata of the Cuban Communist Party's ideology bureau. "The most difficult aspect of any talks with the US would be finding an agreed agenda." He cites the continued hostility displayed by the US authorities in pressing ahead with plans to transmit hostile TV programmes to Cuba, the recent shooting in international waters of a Cuban-owned vessel registered in Panama by US coastguards and the harassment of Cuban diplomats in Panama in the wake of the December US invasion.

Besieged on all fronts, President Castro is digging in. How long he can expect his subjects to sustain the siege is an open question. They are being called upon to accept yet more sacrifices with the light long gone at the end of the tunnel. The Cuban revolution will be lucky to survive its creator.

Man in the News

Bill Jordan

Winner of a costly 37th hour victory

By Michael Smith

When Bill Jordan last year threatened engineering employers with a series of strikes over a shorter working week, they were sceptical about his ability to deliver. Their doubts proved ill-founded.

Not only were he and his colleagues able to win majorities for striking on a cause for which many workers even in the middle of last year showed only limited enthusiasm. In the case of British Aerospace, they have also sustained strikes for more than 17 weeks in spite of all the financial hardship that meant for workers.

This week Mr Jordan and fellow campaigners were celebrating the expected end of the first round of strikes, having won deals at two BAe plants to add to those they had already secured at factories owned by companies like Rolls-Royce, Vickers and GKN. They had also pulled off their biggest coup in the campaign so far – agreement in principle by Rover Group, the BAe subsidiary, for a similar deal.

Nine months after making his strikes threat, Mr Jordan was able to exclaim that a 37-hour week was now a reality in British industry and that "no company, however big or small, can escape it." This time there was few signs of scepticism on the part of employers.

It will take a year or two for deals to spread but there is a growing feeling among engineering companies that the 37-hour week is inevitable. The effects are likely to be felt throughout British industry. The last time the engineers won an hours cut, in 1979, similar deals were soon being struck across a range of sectors so that by the the mid-1980s a 39-hour week was the norm for manual workers.

In spite of Mr Jordan's euphoria, the scale of the unions' success has to be strongly qualified. Last April the unions were offered a 37¼-hour week national agreement by the Engineering Employers' Federation. By rejecting it and launching a series of selective strikes they may have lost for ever the national bargaining system which all unions prize.

The EEF points out that the strikes have caused hardship to union members and done considerable damage to British industry. It also disputes the unions' claim that 60,000 engineering workers are covered by 37-hour deals, putting the figure at just 19,000.

None the less, the 37-hour week is further than the employers wished to go, even if it has been negotiated on a self-financing basis. Mr Jordan can claim at least some of the credit for the concessions that have been made.

In the Confederation of Shipbuilding and Engineering Unions, which has co-ordinated the campaign for a shorter working week, the AEU is just one of 13 unions. The campaign has been run on collective lines with decisions made by the CSEU's 50-strong executive and all members putting forward ideas.

However, Mr Jordan, as the leader of the largest union, has tended to act – along with Alex Ferry, CSEU general secretary – as chief spokesman. His politics and background make him an unlikely leader for a campaign that some employers fear may be a part of a trend towards greater union militancy.

Mr Jordan says he began his union career in 1963 almost by chance when some of his fellow fitters at the Smethwick, Midlands, plant of GKN were made redundant and those who remained accepted a "half-willing volunteer" as their shop steward. Before that he had attended union meetings but had never been active.

Although he had left school at 15 with a feeling that "there had to be a better way of running society," his inclinations were and remain for moderate reform. After becoming a shop steward, he allied himself with the Midlands wing of moderates within the AEU against the likes of Derek "Red Robbo" Robinson, the notorious Leyland shop steward.

"Strikes were the order of the day," he says. "The militant element were cashing in on appalling management." Then and today he preaches for improved dialogue between unions and management.

How then does he explain the current engineering strikes? After 10 years of productivity concessions, Britain's engineering workers are entitled to work hours equivalent to fellow workers in Europe, he says. Given the EEF's refusal to negotiate an acceptable settlement, the unions had no option but to take action.

Mr Jordan has mounted a personal crusade for hours cuts ever since his election as AEU president in 1986. A year later he helped negotiate a national 37½-hour deal with the employers but it was thrown out by the CSEU. This has led to a feeling among employer negotiators that, although they admire him for his moderation and clear thinking, they cannot rely on him to deliver his members.

The accusation has some substance. During the last four years, Mr Jordan has become one of Britain's more influential union leaders outside the union movement. His posts include governorships of the British Broadcasting Corporation and the London School of Economics. What he describes as his obsession with training, together with his moderate politics, secured his appointment last year as the only trade union member on the Government-appointed Training Agency Task Force, set up to co-ordinate British industrial training.

However Mr Jordan's influence on his union is less potent than that of some of his predecessors. As well as failing to win union support for the hours deal in 1987, he was unsuccessful last year in persuading the AEU's national committee for the merger he championed with the EETPU electricians' union, which had recently been expelled from the Trades Union Congress.

Those who voted against were inspired by mistrust of the EETPU and by a desire to maintain the AEU's idiosyncratic constitution. However Mr Jordan's personality does not inspire the kind of loyalty that help other other union leaders to carry their members with them.

Although he is considerably warmer than he appears on first meeting, he is shy and not a natural wheeler-dealer. Some colleagues feel he pays a price his lack of ease in social situations where much of the political manoeuvring within the union is carried out.

All of this means that when Mr Jordan faces re-election next year he is by no means certain of success. Mr Jordan's desire to spearhead the hours campaign was formed long before the election loomed. None the less his chances will be considerably improved if the campaign's momentum continues in the way he predicts.

The end of a sure thing

Philip Stephens reports on the Government's unpopularity

Mrs Margaret Thatcher's Government has been badly shaken. Its beleaguered supporters fear that worse may be to come.

The Labour Party's lead in the opinion polls has climbed this week to its highest since the early 1970s. Conservative councillors – and many MPs – are in open revolt over the poll tax. High mortgage rates are driving voters back to an opposition shorn of much of the unpopular militancy which proved during the 1980s one of the Government's best guarantees of remaining in office.

Ministers who have long assumed that their official cars and drivers came with a lifetime lease are beginning to think the unthinkable: "We could just lose." Though the electoral arithmetic still makes even senior Labour figures doubtful that they could win outright at the general election due by mid-1992, the Government's overall majority is looking precarious.

What one Cabinet minister referred to this week as the "She's gone too far" factor has brought intense speculation in the House of Commons Tea Rooms that Mrs Thatcher could face another challenge to her leadership later this year.

Arch-loyalists among the rank and file like Sir Marcus Fox and Mr Anthony Marlow have called for significant changes in policy to limit the political damage caused by the poll tax. Others have privately accused the Prime Minister of being stubborn and remote.

It is not only at Westminster and in the council chambers of West Oxfordshire that the jitters which afflict every government in mid-term are turning into much deeper dismay and, frequently, anger.

One senior minister reported to colleagues this week that he had been summoned by the chairman of his local association to be told that party workers were being "abused on the doorsteps" by Tory voters. Colleagues assured him that he was far from alone.

In Mid-Staffordshire, where the Government faces a crucial by-election just two days after the March 20 Budget, local activists are bracing themselves for the backlash.

A prosperous slice of Middle England on the northern outskirts of Birmingham, it epitomises the sort of area which Mrs Thatcher's free market economics and aggressive individualism won for the Conservative cause during the second half of the 1980s.

But as Tory Party workers tour the executive housing estates in the south of the constituency and the sleepy villages in the north, they are learning that in these dark days even a seat with a majority of 14,600 must be treated as marginal.

Boley Park, a huge private housing estate built over the last five years on the edge of Lichfield, is nothing if not "Thatcherland". The neat Mock Tudor and Neo-Georgian houses are homes to a generation of rising young professionals and entrepreneurs who mostly have never considered voting for anyone but the present Prime Minister.

A near doubling of mortgage rates over the last two years, and the prospect of poll tax bills about £80 per person higher than the Government forecast, are now sapping their enthusiasm for the enterprise culture. Many will stay at home on March 22. Some will vote for Mr Neil Kinnock's new, moderate, Labour Party.

Mr Charles Prior, canvassing yesterday in the constituency with Lord Prior, his uncle and a famous dissident in Mrs Thatcher's first cabinet, says he is confident that he will hold the seat for the Tories, even though it will be "nip and tuck."

Mrs Sylvia Heal, every inch a model of the elegant respectability which Labour now sets such store by, is equally convinced that she can deliver to Mr Kinnock the most important by-election victory since the Second World War.

Senior Conservative Party managers admit that the loss of the seat would be a disaster. Six of the seven surrounding constituencies returned Tory MPs in 1987 – five of them with smaller majorities than that in mid-Staffordshire. The implication of a defeat would be that areas like the Midlands and the north west – whose defection from Labour played a central role in the Government's victories in 1983 and 1987 – were no longer safe for Thatcherism.

At today's conference in London of Tory local councillors – planned originally as a spirit-raising rally for the May local elections but now more likely to turn into an acrimonious post mortem on the poll tax – Mrs Thatcher is expected to repeat the message she delivered this week in the Commons.

The party must keep its nerve, blame high poll tax bills on spendthrift local councils and counter-attack Labour for its refusal to spell out its alternative "roof tax."

There is speculation among Conservative MPs that Mrs Thatcher could face another challenge to her leadership this year

Mrs Thatcher can remind her supporters that the Government has ridden out such storms before – at the start of the 1980s when unemployment was rising by 100,000 a month, or in 1986 when the crisis over the Westland helicopter company threatened for a moment to bring it down.

There is the promise, then, that things will get better. Though Mr John Major, the Chancellor, cannot relax his grip on the economy in this month's Budget, no one expects mortgage rates to stay above 15 per cent forever.

The poll tax may push retail price inflation back to over 8 per cent in April, but the Treasury will be forecasting – with perhaps more confidence than usual – a gradual fall into the first half of next year.

There is also little doubt that Mr Major will meet the demands of Mr Chris Patten, the Environment Secretary, for perhaps £3bn of additional funds to hand over to local authorities in the immediate run up to the general election. The method of distributing the cash will be rejigged to ensure that Tory councils are not again forced into making common cause with Labour.

As the economy shows signs of improvement, the argument runs, so too will the Government's standing in the opinion polls. Then Labour, which has benefited more from disenchantment with Mrs Thatcher than from positive appeal of its own, will feel the force of the Tories' formidable fire power.

"It is amazing what a few points off the mortgage rate and some extra cash for Chris (Patten) will do," one of the more optimistic members of the cabinet said this week.

Some of his colleagues, however, are unconvinced that an inflation rate of, say, 5 per cent and mortgage rates of perhaps 11 or 12 per cent will be enough to restore their battered image. A warning delivered this week by Sir Geoffrey Howe, the Deputy Prime Minister, on the need for the Government to pay closer attention to manufacturing industry reflects the recognition that it has to think ahead to the 1990s as well as solve the problems left by the late 1980s.

Mr Patten's efforts to establish a credible "green strategy" represent an acknowledgement that, even if the economy improves, the aggressively free market policies of the last decade will no longer be enough to match the aspirations of the voters.

Other ministers argue that the Government needs to make a positive virtue this year and next of pumping more funds into education, into the health and social services, and into transport. "Caring Conservatism," they believe, must be brought back into fashion.

For the moment such tensions are containable. Though her lone stand over issues like sanctions against South Africa does not help, Mrs Thatcher's unpopularity probably reflects as much her inextricably close identification with the government as any resurgence of personal antipathy among the voters. There is talk of a challenge to her leadership but no real sense of where that challenge might come from.

After this week's uncharacteristic outbreaks of public disloyalty, there will be a determined effort to get the party to close ranks. If the voters of Mid-Staffordshire, however, choose not to return Mr Prior to Westminster on March 22, the Conservative Party's badly frayed nerves may just snap.

Interrogation in Sudan

Julian Ozanne reports on his arrest and questioning in Khartoum

● Julian Ozanne

Even in the golden early morning light of a Sudanese spring, the dusty, wind-pummelled walls and guard turrets of Khartoum's notorious Kober prison look ominous. Above them stands an iron gallows where three people have been hanged in the last four months, two for possessing foreign currency.

I had gone there early on Tuesday morning because I wanted to see the jail for myself. For three days I had collected documents and talked to recently released Sudanese political detainees – trade unionists, doctors, academics and journalists – who shared little in common except their fear of, and disgust for, Islamic fundamentalism and military dictatorship. They told me they had been tortured by fanatical Islamic youth-wingers, in collusion with state security police.

Many of them had been held, they said, for more than 10 days in secret houses around Khartoum and been subjected to repeated floggings, insults, mock executions, cigarette burns, deprivation of food, water and sleep. And some said they had been visited during their torture sessions by members of Sudan's ruling military junta.

Eventually when the Shabab El Bina, the "Youth for Reconstruction," had finished with them, they said, they were handed over to Kober. "Compared to the nightmare we had been through getting inside Kober was like arriving at the Hilton," said one.

It was hard to believe as I sat in the cobbled stoned courtyard of the prison entrance hall and men in soiled white uniforms and leg-irons shuffled past.

At 11am I went on to interview Colonel Mohamed el Amin Khalifa, a member of Sudan's ruling Revolutionary Command Council (RCC). While I waited for two hours in his ante-chamber I was subjected to unsubtle questions from his military aide about where I had been in Khartoum, whom I had spoken to and what story I was working on. It was clear that he had some idea of where I had been.

What was to be an interview with Colonel Khalifa turned into a tirade of abuse against me, the foreign press, the West, and British tolerance of homosexuality.

I told him I had read a letter by Professor Farouk Mohamed Ibrahim, a 62-year-old biology professor at the University of Khartoum who had no previous record of political activity. In the letter, Professor Farouk says he was held for 12 days in a house later identified as the former offices of the national elections committee, where he was insulted, flogged, kicked and beaten. During one session he was visited by Colonel Bakkri Hassan Saleh, an RCC member and chairman of the junta's security committee. Col Saleh told the professor, according to the letter, that he was getting just punishment for being against the Government and teaching courses the junta disapproves of – presumably a reference to the theory of evolution.

Col Khalifa said he was amazed by these allegations and that he would immediately discuss them with Col Saleh. I asked him if I could come with him and he agreed.

We walked to Col Saleh's office. I was asked to wait outside but saw them chatting together in Arabic, joking. Then Col Khalifa came outside and said Col Saleh was too busy to see me but that they would look into the matter.

Later that evening I tried to visit the former Prime Minister Sadiq El Mahdi who was being held under house arrest in the Khartoum suburb of Riyad, but was denied access by plain clothes security men.

When I returned to my hotel I found four security police waiting. They searched my room and found several documents, some in Arabic, which they later described as "seditious" and "unrelated to my work." These included a copy of Professor Farouk's letter, a copy of an official Sudan Security list of 307 people detained since the military coup of June 1989, a petition signed by 58 detainees to the Government, other letters, the banned Communist Party Newspaper "Al Midan", and two files of newspaper cuttings.

In their excitement they overlooked the most precious and potentially damning material – my notebooks, my contact book, my diary and some other papers. The notebooks and papers were left in my hotel room. My diary and contact book were put in a canvas bag which I was told to bring to the station.

On the bumpy ride to security headquarters through the streets of Khartoum in a pick-up truck I put my hand inside the bag and started tearing out pages of the diary and contact book, dropping them out of the window. After several hours I was driven back to the hotel and ordered to report the following morning. That night I destroyed the remaining papers, flushed them down the toilet and made some precautionary phone calls.

During the course of my interrogations at security headquarters over the next 48 hours I was questioned repeatedly over whom I had seen in Khartoum, what we had talked about and who had passed me the documents. An early line of questioning hinted at espionage. I refused to answer any questions other than whom I had talked to in the Government and details about my professional background.

On the second day of interrogation I was told that unless I answered the questions it would make my case "complicated" and I could be detained indefinitely. I refused.

Despite the circumstances I expected to be released imminently and heard that guarantees for my release had been given by Mr Ali Shumo, Information Minister and acting Foreign Minister. But on the fifth day of my detention I learned that my investigation document had been sent to the Minister of Interior, Col Faisal Abu Saleh, a member of the military junta and an Islamic fundamentalist.

I was given to believe he was preparing a case to have me tried for possession of seditious documents and possession of a banned newspaper. I was told by one sympathetic officer that such crimes are tried by military tribunal, and carry the death penalty.

On the eighth day I heard that the Foreign Office had protested to the Sudanese Ambassador in London about my continued detention. Later that day I was informed that my file had been passed to President Bashir who ordered my release the following day on the condition I leave Sudan within 24 hours. According to one source President Bashir released me against the wishes of his interior minister.

The minister's real intentions remain a mystery. He was clearly annoyed at the failure of the investigation to reveal my sources of information. Perhaps he wanted to detain me further to make an example to foreign journalists. Why President Bashir decided is also a mystery, though external pressure certainly helped. But I was lucky. This help is not available to those living in Sudan. *Julian Ozanne reports from east Africa for the Financial Times and the Sunday Correspondent*

LETTERS

UK educators give directors no cause to complain

From Mr James Murphy.

Sir, According to the new man at the Institute of Directors (Mr Peter Morgan) it is time directors got involved in raising standards in education and training ("Enterprise must still win battle for Britain," February 28).

How nice to know that the nation is now doing so well wealth creating that its directors can spare time to help teachers do a better job. Fortunately there is no need just yet for directors to dissipate their energies raising educational standards, for had Mr Morgan bothered to check his facts he would have discovered from the Department of Education and Science that standards are rising and have done so for the last 15 years.

According to an Education Department bulletin of last year 37 per cent of children in 1986 compared with 24 per cent in 1970 obtained one high grade "O" level. Similarly, only 11 per cent now leave school with no public examination achievement compared with four times that figure in 1970.

Had Mr Morgan checked further he would have discovered that for all their alleged shortcomings, Britain's much maligned educators have also ensured that wealth creation has not been hampered by any shortfall in highly educated labour. Last year, as for the previous 15, British directors were in the enviable position of having well over 10 per cent more graduates than they could employ.

More ominously, had Mr Morgan checked with the Council for Industry and Higher Education, he would have discovered that Britain's educators have also ensured that Britain's directors have much the same level of vocational expertise at their disposal as their more successful European counterparts. As the council's 1989 report revealed, in terms of science and engineering graduates, the UK has an average figure in relation to other European countries.

Equally disturbing, had Mr Morgan checked with the National Economic Development Council, he would have discovered that the same holds true if sub-degree qualifications are included. Here also, Mr Morgan's "blue denim union activists" have ensured that British directors have no reason to complain, for Britain, according to its report, compares favourably with other countries including Germany and Japan.

In the circumstances it is perhaps not surprising that on the very day that the nation's directors applauded Mr Morgan's threadbare vilification of the nation's educators, the Electrical Industries Association of Japan announced that investment in the UK had more than doubled in the last three years and that the UK would remain Japan's most important industrial base in the European Community ("Japanese lift investment," February 28).

How very sad that as Britain's directors are busy manufacturing scapegoats, Japanese directors are busy making other things.

James Murphy,
Department of Educational Research,
University of Lancaster

Galloping up the wrong valley

From Mr William Peto.

Sir, Christopher Dunkley's article on the benefits of television ("A voice for the vanquished," February 28) moved effortlessly to a false conclusion. The charge of the Light Brigade involved soldiers, little different in attitude or character to their descendants who are today patrolling in Ulster or who took Goose Green.

The Light Brigade charged up the wrong valley because the orders were unclear. If a better means of communicating across the two miles separating Lord Raglan's headquarters from Lord Lucan's position had been available, the Light Brigade would probably have accomplished the task correctly. Earlier in the day the Heavy Brigade had routed a force six times its size. Little is heard of that action today.

Blunders normally result from decisions being made on insufficient information under pressure. Television may well uncover conspiracies and analyse blunders. It does however tend, as your reviewer has done, to get them confused.

William Peto,
Director,
Webster Communications International,
Sharcott,
Pewsey, Wiltshire

Curbing the company perk

From Mr R. Etchells.

Sir, Mr Wilkinson (Letters, February 24), responding to my views (Letters, February 17) on company cars, suggests a heavier tax on fuels than I did. I am inclined to agree with him, even though it would hurt my pocket. I agree with his desire to see catalytic converters become more common, but I believe their efficiency falls with use and that smaller engines would still help to reduce pollution.

Mr Roe (Letters, February 24) says it would be uncomfortable for three or four large passengers to travel over 200 miles in a day in a 1500 cc car. My suggestions did not preclude a larger car. I merely said there should be a penalty for having one. Most company car journeys are made with no more than two people aboard.

I only mentioned high speed in the context of the additional pollution it causes and not as safety problem. That is a separate topic.

I did comment that a new car with a greater acceleration capability than 0-50 mph in less than 10 seconds should be subject to extra purchase tax. That is because the often-advertised 0-60 mph in less than eight seconds causes unnecessary pollution and extra danger to pedestrians.

R. Etchells,
19 St George's Crescent,
Queen's Park, Chester

Conservation in Washington

From Mr Nelson Rimensnyder.

Sir, Deanna Petherbridge has exposed the superficiality of officially sanctioned historic preservation in Washington DC ("A museum open to suggestion," February 23).

In 1979, when the debate over what to do with the 1883 Pension Building was commencing in earnest, another National Register of Historic Places landmark, Rhodes Tavern (circa 1799), was being condemned to demolition by the same arbiters of taste and heritage who were telling Washingtonians and Congress that the Pension Building was "priceless," while Rhodes Tavern was just our "oldest bar."

Citizens, however, thought more of their "old bar," which was Washington's first town hall and the site in 1801 of protests in support of a locally elected home rule government and representation in Congress.

The issue of preserving Rhodes Tavern was placed on the ballot in 1983. The vote for saving it was overwhelmingly favourable and children made collections for its restoration.

Washington's cultural and architectural leaders, however, with the director of the National Gallery of Art, Mr J. Carter Brown, and the architect, Mr David Childs (chairman of the National Capital Planning Commission) in the forefront, continued to urge the wreckers on. Rhodes Tavern, one block from the White House, was demolished in 1984.

When the Prince of Wales spoke at the Pension Building (National Building Museum) on February 23, he was greeted by citizen preservationists holding signs urging him to continue his crusade for "humane architecture" and "preservation." One of the signs thanked the British for having spared Rhodes Tavern in 1814 when much of the young capital city was put to the torch!

Nelson F. Rimensnyder,
Committee on the District of Columbia,
House of Representatives,
Washington DC, USA

Observer in the dog house

From Ms Charlotte Winnifrith.

Sir, Why does Observer (February 22) think that any criticism of women by women is "bitchy?"

Nobody stops to marvel at the bitchiness of a man holding forth on the shortcomings of male politicians or male sportsmen.

Words such as "bitchy" and phrases such as "women's ways" are not worthy of serious journalism – or even of a gossip column.

Charlotte Winnifrith,
15 Hayes Court,
Camberwell New Road, SE5

Concorde and the Tunnel

From Mr John Downes.

Sir, Perhaps, if the builders of Concorde had had to involve 208 banks and five partners, it would never have been built and we would all have been better off. At least if the Channel Tunnel is built it will be because people have made a judgment with their own money that it will be needed. Those of us who hold the contrary view should not be compelled through taxation to contribute to this lunacy.

John C. Downes,
Burnham House,
Elm Bank,
Mapperley Park,
Nottingham

Advisability of Elgar

From Mr Csaba L. Jaszberenyi.

Sir, When the British quit India the chaos left behind was enormous – see Pakistan, Kashmir, Bangladesh, Punjab etc, today.

Selling out Hong Kong to the Red Dragon of Peking should not surprise anyone. It was Winston Churchill who threw post-war central Europe *carte blanche* into the lap of Joe Stalin at Yalta. Forty years of bloodbath and economic collapse followed.

Britain should learn to listen to Elgar, watch tennis, drink ale, but stay the hell out of international troublemaking!

Csaba L. Jaszberenyi,
1500 Bathurst Street,
Toronto, Canada

HSE does not expect . . .

From Mr John Rimington.

Sir, You say ("Rail Inspectorate may be moved," February 23) that Health & Safety Executive officials expect that the Energy Department's petroleum engineering directorate is likely to be transferred to HSE.

I know of no HSE officials who harbour such expectations. It is possible that Lord Cullen's report on the Piper Alpha disaster may deal with the question of regulation. Until that appears, speculation on the subject is premature.

John Rimington,
Director General,
Health and Safety Executive,
Baynards House,
1 Chepstow Place, W2

BUILDING SOCIETY INVESTMENT TERMS

	Product	Applied rate net	Net CAR	Interest paid	Minimum balance	Access and other details
Alliance and Leicester*	Capital Choice	12.00	12.00	Yearly	£1,000	18m (11.50% - 12m) (11.10%-6m) (10.80% - 3m)
	Gold Plus	10.00	10.00	Yearly	Tiered	9.70/9.50/9.15/8.90 Inst. acc.
	ReadyMoney Plus	6.75	6.85	½-yearly	£1	Instant access
	Cash Plus	8.90	8.90	Yearly	£2,500	7.90 £500+, 7.40 £1+, ATM access
Barnsley (0226 733999)	Summit	11.20	11.20	Yearly	£25,000	90 days'not/pen -£10K mth int av.
Birmingham Midshires	Quantum Plus	11.50	11.50	Yearly	£2,500	90 days not notice 4.6% diff gtd 1 yr
(0902 710710)	Quantum Fixed	11.85	11.85	Maturity	£5,000	Fixed to 31/1/91 no withdrawals
Bradford and Bingley (0274 561545)	Maximiser Bonus	9.25	9.25	Yearly	£1,000	Inst. acc/ Bonus for no wthdrwls
	Maximiser Bonus	10.25	10.25	Yearly	£10,000	Inst. acc/ Bonus for no wthdrwls
	Maximiser Inc.	10.25	10.25	Yearly	£5,000	3 mths./90 day penalty
	Maximiser Grwth	10.55	10.55	Yearly	£5,000	3 m.nt./90 day penalty
	Maximiser Tp rate	11.00	11.00	Yearly	£25,000	3mths no. (10.60 mthly inc)
	Maximiser Elite	11.75	12.09	½-Yearly	£10,000	Term share, 5% extra int guaranteed
Bristol and West (0272 294271)	Matrixcard	6.75	6.86	½-yearly	£1	Inst. Acc.£500 8.75
	No.1 Capital	11.15	11.15	Yearly	£25,000	3 months' notice, £500 10.30
	No.1 Income	10.62	11.15	Monthly	£25,000	3 months' notice, £500 9.84
	Triple Bonus	10.00	10.00	Yearly	£25,000	Tiered to 9.20 £500+ Inst.acc.
	Share Account	6.75	6.86	½-yearly	£1	Instant access no penalty
	O'seas 3Mnths Cap			Yearly	£25,000	14.20 gr. non-UK res.£1K 13.20
Britannia (0538 399399)	Fixed Rate Bond	11.75	11.75	Yearly	£10,000	Guaranteed rate 1 year
Catholic (01-222 6736/7)	Jubilee Bond III	10.40	10.40	Monthly	£1,000	60 Day notice. 10.76% monthly tfr.
Century(Edinburgh)(031 556 1711)	Fxd Rate 2/3 Yrs	10.50	10.78	Choice	£1	Guaranteed rate 2/3 years
	V'ble rat. 2/3 yrs	11.00	11.30	Choice	£1	Withdrawals avail at no penalty
Chelsea (01-602 0006)	Lion Shs.(S.Inc.)	12.10	12.10	Yearly	£40,000	£500+ 10.95 £10K+ 11.35 £25K+ 11.85 3m/imm pen
Cheltenham and Gloucester	Cheltenham Gold	11.00	11.00	Yearly	£25,000	Instant Access/
(0452 372372)	Cheltenham Gold	10.75	10.75	Yearly	£5,000	Monthly inc option
Chestnut (0992 26261)	Spec 90 Shares	12.00	12.00	Yearly	£50,000	90 days' notice/penalty
	Spec 90 (ex-pat)	15.34	15.34	M./Yearly	£50,000	90 days' not/pen. Non UK resident
	Cheshuntcash	10.00	10.00	M./Yearly	£20,000	Instant access. Tiered a/c
Coventry (0203 252277)	Moneymaker	10.10	10.10	Yearly	£25,000	Inst.acc. no pen.
	Moneymaker	9.90	9.90	Yearly	£10,000	Mthly Int. £25,000 - 9.66%
	3-year Bond	11.60	11.60	Yearly	£1,000	Withs. 90 days not./penalty.
	90-Day Option	11.60	11.60	Yearly	£25,000	Inst acc/no pen if bal £5,000+
	90-Day Option	10.85	10.85	Yearly	£10,000	Monthly income option
Frome Selwood (0373 64367)	Gold Minor Acc.	9.75	9.99	½-yearly	£1	On demand:0-18 year-olds
Greenwich (01-858 8212)	60-Day Account	11.00	11.30	Monthly	£40,000	No pen. If £5K remains in account
Guardian (01-242 0811)	Premier Shares	11.10	11.56	Quarterly	£3,000	No not/pen. to bal. £3,000+
Halifax*	90-Day Xtra	10.25	10.51	½-yearly	£500	90 days, but
	90-Day Xtra	11.00	11.30	½-yearly	£10,000	instant where
	90-Day Xtra	11.50	11.83	½-yearly	£25,000	£5,000 remains
Hendon (01-202 6384)	3 months shares	10.85	11.15	½ Yearly	£1,000	3 months notice (+0.42% £25,000+)
Lambeth (01 928 1331)	Trophy Shares	12.00	12.36	½-yearly	£40,000	60 days notice plus penalty
Lancastrian (061 643 1021)	Masterplan	10.45	10.45	Yearly	£25,000	Instant access no penalty
	30 Day Account	11.25	11.25	Yearly	£25,000	w/d per month of £5000 w/d pen
Leamington Spa (0926 450045)	High Flyer	6.35	N/A	Yearly	£50.00	
		9.75	N/A	Yearly	£1,000	Instant access without
		10.50	N/A	Yearly	£10,000	penalty on demand.
		10.75	N/A	Yearly	£25,000	
	Super 90	10.50	N/A	Yearly	1,000	Inst acc w 90d loss of int or 90d not.
		10.75	N/A	Yearly	£10,000	w/o pen. Int acc w/o pen over £8,000
		11.25	N/A	Yearly	£25,000	Monthly inc op on £10,000
		●10.25	10.74	Monthly	£10,000	● Monthly inc op on £10,000
Leeds and Holbeck (0532 459511)	Capital Bond	11.55	11.55	Yearly	£25,000	90d not/pen. 11% Monthly interest
	Special Notice	12.00	12.00	Yearly	£2,500	12 months notice
Leeds Permanent 0532 438181	Solid Gold	10.00	10.00	M/Yearly	£500	10.25 £5K 10.50 £10K 11.10 £25K
	Liquid Gold	9.00	9.00	Yearly	£500	9.65 £5K 9.75 £10K 10.00 £25K
	Young Leader	7.00	7.12	½-yearly	£1	Maximum Age 18
Marsden (0282 692821)	Rainbow 90	11.50	11.50	Yearly	£25,000	90 days notice
	Rainbow 90	11.20	11.20	Yearly	£10,000	90 days notice
Mornington (01-485 5575)	Mornington 90	11.55	11.88	½-yearly	£30,000	£10K+ imm. -£10K 90d nt/pn.
National & Provincial*	Private Reserve	11.00	11.00	Yearly	Tiered	90d 11.00/10.50/10.25/10.00
	Monthly Income Ac	10.58	11.10	Monthly	Tiered	90d 10.58/10.49/10.03/9.80/9.57
	Inst. Reserve	10.50	10.50	Yearly	Tiered	Inst. 10.50/10.25/10.05/9.90/9.75
	StowAway Bond	10.35	10.35	Yearly	£500	2yr 0.5% bonus on maturity
National Counties (03727 42211)	90 Day Account	12.00	12.00	Yearly	£75,000	90 days notice or 90 days penalty
Newcastle (091 2326676)	Nova Plus	11.60	11.60	Monthly	£50,000	Instant access. Tiered A/C
North of England (091 5656272)	Classic	11.25	11.25	Yearly	£25,000	50d not/£10K+ Imm Acc. Tiered
	Classic	10.71	10.71	Monthly	£25,000	50d not/£10K+ Imm Acc. Tiered
Northern Rock (091 285 7191)	Moneyplanner '90	10.00	10.30	M/Yrly	£5,000	90 day not) but inst
		10.25	10.55	M/Yrly	£10,000	90 day not) acc where
		10.75	11.07	M/Yrly	£25,000	90 day not) £10m remains
		11.00	11.33	M/Yrly	£50,000	90 day notice
Norwich & Peterb'gh (0733 371371)	Fixed Interest Bond	11.90	-	At end of term	£5,000	6 mths term. Inst Acc - 30 days pen
Nottingham (0602 481444)	Super 90	11.20	11.20	Yearly	£25,000	No not/pen to balance £10k+
	Record Plus	12.00	12.00	Yearly	£25,000	90 days notice or 90 days penalty
	Escalator	9.57	9.57	Monthly	£25,000	No notice required.
	Super 90	10.66	10.66	Monthly	£25,000	As Super 90 yearly.
	Record Plus	10.71	10.71	Monthly	£25,000	As Record P;lus yearly.
Portman Wessex (0202 292444)	Extra Ordinary	10.25	10.25	Yearly	£500	Instant access no penalties
Portsmouth (0705 291000)	60 Day Capital Ac	11.15	11.15	Yearly	£25,000	No restrictions over £10,000
Principality (0222 344188)	2 yr Termshare Ac	11.90	11.90	Yearly	£10,000	G'teed 5.15% diff for two yrs. No wlds.
Regency & West of Eng (0672) 514371	Fixed Int. Bond	11.50	11.50	Yearly	£500	1 yr term guaranteed rate
Scarborough (0723 368155)	Ninety	11.40	11.40	Yearly	£75,000	90 day not/pen. Mthly Int Opt 500+ 10.50, 25k+ 11.00, 50k+ 11.25
	Excelsior	10.90	10.90	M/Yearly	£25,000	1 yr term guaranteed 4% diff
Sheffield (0742) 756300	Stainless Plus	12.50	12.50	Yearly	£10,000	Notice after 1 year, 7 days
Skipton (0756 700500)	Sovereign	10.25	10.25	Yearly	£10,000	Instant access no penalty
	Sovereign	9.75	9.75	Yearly	£5,000	Monthly inc on £2,500+ at 9.25%
	Skipton Ninety	11.25	11.25	Yearly	£50,000	90 days not or pen. Monthly
	Skipton Ninety	11.00	11.00	Yearly	£25,000	Inc. on £2,500+ at 10%
	Skipton Ninety	10.45	10.45	Yearly	£500	
	Money Market Plus	12.00	12.00	Yearly	£2,500	3 month libor + 0.75% diff. 90 day terms.
Stroud and Swindon*	Century (90 Day)	11.25	11.25	Yearly	£40,000	90 day notice or penalty
Town and Country (01-353 1476)	Super Yield	11.25	11.25	Yearly	£5,000	90 Days Notice
	Super Yield	11.50	11.50	Yearly	£5,000	180 Days Notice
	Moneywise	9.90	9.90	Yearly	£25,000	Chq book, Visa card at 19.5% Apr.
Woolwich*	Prime Account	10.00	11.75	M/Yearly	Tiered	Instant 9.15 £500+, 9.5 £5K+, 9.65 £10K+ 10.00 £20K+
	Prem. Inv Plus Ac	11.75	11.75	Yearly	£10,000	1 year term guaranteed 5% diff
Yorkshire (0274 734822)	Platinum Key	10.25	10.25	Yearly	£500	60 days' notice /penalty
	Platinum Key	10.50	10.50	Yearly	£10,000	Instant access over £10,000
	Platinum Key	11.00	11.00	Yearly	£25,000	Instant access over £10,000
	Golden Key	9.25	9.25	Yearly	£1,000	Instant access
	Golden Key	9.50	9.50	Yearly	£5,000	Instant access
	Golden Key	10.00	10.00	Yearly	£10,000	Instant access
	Golden Key	10.25	10.25	Yearly	£25,000	Instant access

*For telephone see local directory. CAR = Annual yield after interest compounded 3/3

UK COMPANY NEWS

Elders places 23% S&N stake with a loss of £90m

By Philip Rawstorne

ELDERS IXL, the Australian brewing group, yesterday finally placed the 23 per cent stake it built up in Scottish & Newcastle Breweries during its abortive £1.6bn bid for the UK brewer last year.

The year-long search for a buyer followed the blocking of the bid by the Monopolies and Mergers Commission and, according to City estimates, has cost Elders about £90m.

The 86.69m shares have been placed with a wide range of City institutions at 290p – 20p below yesterday's opening market price. The brokers were Smith New Court.

Mr John Elliott, Elders' chairman, paid up to 400p per share when he amassed the shareholding in late 1988 and early 1989.

Mr Alick Rankin, S&N's chairman, who has been increasingly critical of the time taken by Elders to comply with an MMC order to reduce the stake, welcomed yesterday's deal.

"I don't know what the reaction is in the market, but it is pretty good up here in Scotland," he said from his Edinburgh base. "We have not neglected the rest of life but it has been a bit of a bore. I think it is inexcusable that it has taken this long to place the stake."

Despite the distractions of the Elders presence, S&N has been busily refocusing its corporate strategy.

John Elliott and Alick Rankin: mixed reactions to share placing but way now clear for Elders to continue talks with Grand Metropolitan on a breweries-for-pubs swap.

Last year it sold its Thistle hotels chain to Mount Charlotte for £645m; it completed its acquisition of Pontins; and it expanded further into the leisure market with a £218m majority stake in Center Parcs.

S&N has also sold off 280 pubs, bringing its estate below 2,000 and thus avoiding the MMC requirements on freeing tied houses.

Mr Rankin said: "Despite all the problems, I do not think we've taken our eye off the ball. I am more confident now about the state of the company than for many years."

The MMC block on the Elders bid – widely regarded as a triumph for the Scottish political and business lobby – makes it unlikely that S&N will have to face other predators for some time to come.

Elders, which had seen S&N as a springboard from which it could expand its Fosters lager brand into Europe, merely commented yesterday: "We are pleased to have placed the stake."

But the disposal helps to clear the ground for its continuing negotiations with Grand Metropolitan on a breweries-for-pubs swap in the UK which could rejuvenate its plans to "Fosterise" the continent.

See Lex

Sketchley holders seek board changes

By John Thornhill

SKETCHLEY is coming under mounting pressure from shareholders to make management changes in light of the company's poor trading performance, its rejection of Godfrey Davis's £126m bid, and the subsequent heavy fall in its share price yesterday.

Shares in the the dry cleaning and office services company plunged 98p to to 251p giving the company a market value of £90.9m.

Unless another bidder steps forward, Sketchley seems likely to restructure the board in the near future in an attempt to improve the company's trading performance and address shareholder dissatisfaction.

The main responsibility for bringing about any such changes will fall to Mr John Gillum, the company's non-executive deputy chairman, and Mr Jerry Shively, the only other non-executive director and a former chairman of McCann Erickson.

Mr Gillum, who is also chairman of Blagden Industries, admitted yesterday that Sketchley's underlying position was "thoroughly unsatisfactory" and that he would be reviewing ways of improving it.

In its defence document on Thursday, Sketchley forecast that pre-tax profits for the year to March 30 1990 were likely to fall to £6m – including £2.2m in exceptional profits – compared with £17.3m in the previous year. The company blamed losses in its vending division and difficulties in its office services business for the steep decline.

This revelation scared off Godfrey Davis and led to the motor and laundry group abandoning its takeover offer.

Mr Malcolm Glenn, Sketchley's chairman, said yesterday he was very conscious that the company had disappointed its shareholders. "We really have to do our extra best to get the profits out and get them moving up. We now have to review everything. There can be nothing sacred if it needs to be changed."

Shareholder criticism has been directed in particular at statements made by Sketchley at the time of releasing its interim results last June. At that time, the company reported that all activities were exhibiting strong growth and that indications for the current year were encouraging.

Sketchley's largest shareholder, Mercury Asset Management which has a 17.1 per cent stake, has said it was deeply disturbed at Sketchley's trading performance earlier in the year and it immediately accepted Godfrey Davis's offer without waiting to hear Sketchley's defence.

Other institutional shareholders also express concerned yesterday at Sketchley's profits forecast – one commented acidly: "Very few people here are leaping about with joy." But Mr Glenn denied suggestions that pre-tax profits had been deliberately deflated in any way in order to deter Godfrey Davis. "The concept of a scorched earth policy is wrong," he said.

Lonrho says 'battle far from over'

Richard Waters reports on how Lonrho refuses to relinquish its fight over the controversial takeover of House of Fraser, while Maggie Urry discusses the Fayed brothers' progress with the group

LONRHO yesterday signalled that the battle over the Fayed brothers' takeover of the House of Fraser in 1985 was far from over, despite the apparent set-back to the group's campaign represented by Thursday's decision not to bring charges over the affair.

While saying that the company would not speak openly about the matter until Wednesday, when the DTI's report is published, Mr Paul Spicer, a Lonrho director, indicated that the company intended to take legal action against the Fayeds and Kleinwort Benson, their merchant bank advisers.

"We intend to seek the relief that we are due," said Mr Spicer, although he said the company had legal advice not to put a figure on the damages that might be claimed.

Mr Spicer's comments came as he justified Lonrho's five-year battle against the Fayeds, claiming that Lonrho had the "wholehearted" support of shareholders for the time and money it has spent on the affair.

Mr "Tiny" Rowland, Lonrho's chief executive, has enjoyed strong support from a large core of loyal individual shareholders during his campaign. He is also sure of the support of the company's largest shareholder – himself.

Among large investors, however, views were mixed yesterday over the benefits of continuing the fight.

According to one: "There has been a lot of time and money and effort that has *gone into it. There is a possibility he* (Mr Rowland) was right all along – who knows. But it hasn't helped shareholders."

Mr Bob Carpenter, an analyst at Kitkat & Aitken, added: "It is a factor which has led to the shares never really commanding their full value."

However, others suggested that the House of Fraser battle was irrelevant to Lonrho's worth. According to a large insurance company which does not own Lonrho shares, the affair is not material and has not affected its decision on whether to invest or not.

Lonrho refuses to disclose how much it has spent on its battle, but claims that it is far less than the £20m which has been estimated.

It is unclear whether Lonrho's version of the cost includes management time, or the many costs incurred in-house, for instance in printing the many publications on the Fayeds with which Mr Rowland has bombarded politicians, journalists and business people.

Nonetheless, the battle cannot have been cheap. Lonrho is reported to have spent $2m buying tapes of conversations featuring Mr Mohamed Al Fayed, in which his financial relationship with the Sultan of Brunei is discussed. It is also said to have incurred hefty legal expenses at every turn – for instance, up to £1m in defending itself (successfully) against contempt for publishing extracts from a leaked copy of the DTI report last year, and £2.5m in participating in the DTI investigation.

Appreciation of the long-term view

ON MONDAY week the Fayed brothers are throwing an anniversary party in the sumptuous setting of Harrods, the flagship store of the House of Fraser business they acquired five years ago.

It was destined to be a good party. Now, says one director, it will be a great party.

Mr Mohamed Al Fayed, chairman of House of Fraser Holdings, the master company, and of Harrods, feels vindicated by the Government's decision to take no action over the purchase of the group.

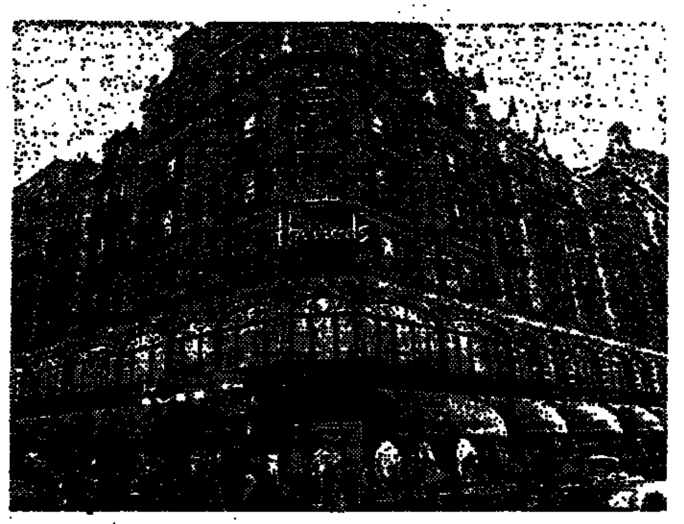
Despite the distractions over the past five years, he says that he and his brother Mr Ali Fayed, the chairman of House of Fraser, the company below HoF Holdings, have never been diverted from developing the business. "Now," he says, "the business is fantastic."

Because the group is privately owned, it has been hard for outsiders to assess just how good the Fayeds are as retailers. Accounts filed at Companies House give a picture of rather dull profits growth and returns on capital, compared to leading quoted retailers.

But these may not be the true picture, and the Fayed brothers, who both take a hands-on interest in running the business, have always maintained that the advantage of being a private company is that the short-term pressures exerted by public shareholders are avoided and a long-term view of the business can be taken.

In the five years of ownership, and contrary to accusations, Mr Al Fayed says that "not one penny has been taken out of the business. It has all been put back."

Mr David Simons, the new finance director, says that the group's trading profits have



risen every year since the takeover – from £56m in the year before the change of ownership to £86m in the year to end April 1989.

The year-end has changed to January, and the accounts have not been filed yet, but Mr Simons says the figures will show a further rise in profitability.

Certainly the investment which has been poured into the group – at more than £300m in the first four years of the Fayeds' ownership it is more than double the £144m spent in the previous four years – is visible in Harrods and many of the other House of Fraser stores.

Opulence abounds in the Knightsbridge store, in the heart of London's most upmarket shopping area. Mr Al Fayed bought a marble quarry in Italy to ensure that all the tonnes of marble being used to refurbish the store would match.

The banking hall, for instance, which had been consigned to a corner on the fourth floor and looked like a tacky *bureau de change*, has been rebuilt in the basement in grand style.

The Fayeds say that the previous management, under siege for years from the takeover threat, had pared back investment in the effort to keep costs down. That has had to be rectified. Electronic information systems had to be installed – the previous management had bought the tills but had not installed them.

Of the £150m spent so far on Harrods alone, £25m has gone on a new, fully automated, ultra-modern warehouse at Osterley, to the west of London, replacing the old Barnes depository, the famous landmark in the University Boat Race.

Heavy investment has been made in the store itself, and is continuing as offices on the fifth floor and the basement are being turned into selling space, increasing the store's size from 750,000 sq ft to 1m sq ft of sales area. Behind the scenes money has been spent in areas such as air conditioning, fire protection and electricity generators. Sales at Harrods have risen by 25 per cent over the last year, Mr Al Fayed says, despite the trading difficulties other retailers have experienced.

Through the rest of the House of Fraser chain, a restructuring of the portfolio has taken place. The old HoF had a number of stores far too small to become top-line department stores. Many of these have been sold, reducing the number of stores from 102 to just 62. Peripheral business have been also sold.

Mr Robb Hampson, managing director of the House of Fraser stores, says the chain is now in substantially better shape than it was five years ago.

Three new stores and two major refurbishments of stores will be completed in the current year – showing the group's determination to expand. These will, Mr Hampson says, give a further boost to the financial figures.

Financial returns, he says, have been steadily improving, although there are still some small stores which are uneconomic and need to be weeded out. In the big stores, he says, the group is more than happy with the return on investment.

The group's property portfolio is currently being revalued, and the new figures are expected to show a strong increase from the net worth of nearly £800m in the last balance sheet.

The redevelopment of the old Barkers store in Kensington, London, into offices for the Daily Mail newspaper and a new store, has given the building a value of more than a quarter of the £573m original purchase price of the whole group.

Suter back on acquisition trail with agreed £14m Chemoxy bid

By David Owen

SUTER, the industrial holding company headed by Mr David Abell, yesterday demonstrated a revival of its acquisitive instincts by unveiling a recommended cash offer for Chemoxy International that values the Middlesbrough-based chemicals group at £13.45m.

At the same the company, whose share dealings are under investigation by the Department of Trade and Industry, announced a £3.2m fall in pre-tax profits to £34.8m during the in the year to December 31.

Mr Abell said the 11 per cent decline was due principally to sharp slide in the contributions from property activities to £500,000 compared with £6.3m in the previous 12 months. He said the postponement of "certain projects" and the downturn in the housing market were responsible for the decline.

Suter disclosed that it had incurred a £2.8m loss on the sale of its holding in Metal Closures Group, the packaging and printing group, during a hostile bid for the company. The loss has been included as an extraordinary item.

The 450p-per-share offer – announced on the day that the group reported an 11 per cent decline in pre-tax profits and signed and sealed at 5am yesterday morning – eclipses the earlier £12m bid launched last month by MTM, the specialist chemicals manufacturer.

MTM said that it had decided not to pursue the Chemoxy acquisition at Suter's "unrealistic" price and intended accordingly to lapse its offer if it has not gone unconditional by the first closing date next week.

It also described Chemoxy's forecast that pre-tax profits for the year ending March 31, 1990 would be not less than £1.4m as "not credible" in the light of reported first half figures. In the year to March 31, 1989, Chemoxy made pre-tax profits of £1.1m on turnover of £11.5m.

Mr Abell explained his decision to act as a white knight for Chemoxy in terms of business synergies. "The fit between Chemoxy and Pentagon Chemicals (a speciality chemicals manufacturer acquired in May 1989) is just about perfect," he said.

Chemoxy directors have given irrevocable undertakings to accept it in respect of their beneficial holdings representing 26.55 per cent of issued shares, and have granted Suter options to purchase their shareholdings totalling 789,650 shares at 450p.

Suter has declared a final dividend of 5.6p compared with 5p last year, lifting the total to 8.4p (7p).

Portals diversifies paying Bunzl £37m for Crompton

By David Owen

PORTALS HOLDINGS, the sole supplier of banknote paper to the Bank of England for the past 266 years, is diversifying into teabag-paper and salami-casing with the purchase of JR Crompton from Bunzl for a total of £37m.

Portals said that the deal was in line with its strategy of developing its two core businesses: specialist paper-making and protection and control products. For Bunzl, the specialist manufacturing and distribution group, the sale continues a series of disposals prefigured last September which have now yielded close to £120m.

Under the transaction, Portals will pay an initial cash consideration of £25m, with a further £12m - on which no interest is payable - to follow two years after completion.

More than £20m of the initial amount will be met from the group's existing cash resources. It recently received £24.6m from the sale of its water treatment division.

According to Mr Michael Morley, chief executive, the impact on gearing will be "modest". "There will be no earnings per share dilution as a result of the deal", he added.

For 1989 Crompton made pre-tax profits, after interest and exceptional items, of £3.4m on turnover of £32.8m. Net assets at December 31 were £24.9m. Just over half of the company's output of very light-weight, long-fibred papers is exported.

In the six months to June 30, last Portals made pre-tax profits of £10.04m on turnover, less interdivisional sales and rents, of £92.4m. The shares rose 2p to 254p.

Slough-based Bunzl continues to work on the disposal of its Wycombe Marsh Paper Mills unit and of the rump of its graphic arts business. The group said yesterday that negotiations pertaining to these sales were well advanced.

Polypipe rises 34% to £5.08m

Polypipe, manufacturer of plastic pipes, profiles and fittings, announced a 34.4 per cent rise in interim taxable profits for the half year to December 31. The figure was £5.08m, against £3.78m, from sales which increased by 14.6 per cent from £29.42m to £33.71m.

Mr Kevin Macdonald, the chairman, said the results reflected continued expansion of the core business and the benefits of the integration and development of acquired businesses in their various sectors.

After tax of of £1.83m (£1.36m) earnings emerged at 4.92p (4.03p); the interim dividend is raised from 0.92p to 1.1p per 10p ordinary.

Ferranti drops rights after sale

By Michael Skapinker

Ferranti International, the UK electronics group, said that the £270m sale of its defence systems group to the General Electric Company of the UK was completed yesterday.

As a result of this, the company said it would now abandon its planned £187.1m rights issue.

Ferranti is still talking to GEC about the sale of a 50 per cent share in Ferranti Italia.

B&C raises £21.6m from sale of stake in Bricom

By David Owen

BRITISH & Commonwealth Holdings, the financial services group, yesterday sold the bulk of its remaining interest in Bricom, its former transport and commercial services division for £21.6m.

The deal is the latest in a series of disposals in an effort to reduce debt. The next sale is expected to be that of Gartmore, the fund management business which was put up for sale last November.

Various of Bricom's existing institutional shareholders are to acquire 95 per cent of B&C's interest, consists of 19.9 per cent of ordinary share capital and a number of preference shares and warrants.

B&C will retain just 1 per cent of ordinary shares, together with warrants and preference shares sufficient to give it a fully diluted stake of between 3 per cent and 4 per cent. Mr John Gunn, chairman of B&C, explained the decision to retain an interest in terms of Bricom's "continuing potential".

B&C originally sold Bricom, the unit in which all of its non-financial activities were grouped, for £359m in June 1988 in the UK's second largest management buyout. The group's businesses include Bristow Helicopters, Servisair, Steels Aviation Services and a string of other specialised business service operations.

The purchase price was broken down into £340m cash, £8m of intercompany debt and £11m in shares, which have been carried on the B&C books at £10.3m. On this basis, the company said the deal reflected a doubling of the value of its investment over a 20-month period.

The shares were unchanged yesterday at 54p versus a peak of 565p in the summer of 1987.

Axa-Midi puts up own assets in Farmers bid

By Nikki Tait

AXA-MIDI Assurances yesterday boosted its campaign to be judged a suitable owner of Farmers Group, BAT Industries' US insurance subsidiary, by putting its own assets - rather than Farmers' - on the line in the event of a default on the $2.25bn bank loan funding the prospective deal.

The French insurance group wants to buy Farmers from Sir James Goldsmith's Hoylake consortium, should the latter make a successful bid for BAT. Such a bid cannot go ahead, however, until Axa has received clearances from nine state insurance departments.

Axa plans to fund the $4.5bn acquisition of Farmers with the proceeds of a $2.25bn 10-year loan arranged by Banque Paribas, plus $2.25bn-worth of two to three-year loan notes issued to Hoylake.

There has been considerable dispute over whether Farmers assets could be in danger if there was any default on the Paribas loan.

Yesterday, Mr Claude Bébéar, Axa's chairman, returned to the Illinois hearing with a clarifying letter from Paribas. This stated that the bank would "make a demand" on the guarantors of the loan - Axa and its parent company, Compagnie du Midi - before seeking to enforce execution against Faraxa,formed by Axa to own Farmers.

Farmers lawyers, however, countered by claiming that the wording should require Paribas to exhaust all remedies with Axa and Midi before seeking redress with Farmers.

Mr Bébéar's reappearance marked the end of the lengthy Illinios hearing. California is already completed and Idaho also finished yesterday. Next week, the Oregon hearing begins.

Lord Chelsea and the experienced City operators

Nikki Tait tells the story of the impending battle for control of Headlam

ARE THE brickbats about to fly at Headlam Group, a small Northampton-based footwear and fabrics maker and distributor? If so, an intriguing contest involving one of Britain's richest landowners and some experienced City operators could be possible.

News this week that four people backed by almost one-quarter of Headlam's shares, are seeking to remove the chairman and deputy chairman, suggests that matters rumbling beneath the surface for months may finally be coming to a head.

For the moment, both the incumbent management and the dissidents are keeping their heads down. Headlam says only that an extraordinary meeting will be called as requested. Notices need to go out within 21 days and the meeting date must be set within 28 days of that.

The opposition is equally reticent. Mr Mark Vaughan-Lee, a former fund manager at MIM, Lord Stevens' fund management group, and one of the objecting quartet, delivered the requisition notice and promptly left the country on business. His advisers, Williams de Broe, the brokers, are loathe to make public statements.

This is a fight over the future of a small but profitable quoted group, which has long been viewed as having "shell" potential.

Mr Vaughan-Lee is no stranger to this activity. Since leaving MIM, he has attracted some publicity as the moving force behind the likes of American Distributors, born out of Sapphire Petroleum, and American Business Systems, formerly New Court Natural Resources.

These situations involved the marriage of UK-listed companies, holding accumulated tax losses, with profitable ongoing US operations. MIM, or MIM-managed funds, usually came in as shareholders.

There are fervent assertions, however, that in this case the intention is different.

The dissident quartet includes two industrial managers, Mr Barry Giddings and Mr John Irwin. And Williams de Broe says the aim is to continue running Headlam as a UK-oriented distribution business.

MIM, however, is involved. In November it was announced that together with Mr Giddings and Govett Strategic Investment Trust it owned 17.5 per cent of Headlam.

Headlam is not happy. Having met the Giddings camp last autumn, its unveiled a preferred solution, a reverse takeover of Cadogan Oakley. Headlam shares were suspended at 76p and shareholders were warned that it could be April before the deal was completed.

This is where the aristocratic links arise. Cadogan Oakley represents the industrial activities of Cadogan Estates, which owns large parts of Chelsea and Belgravia and comprises the property interests of Lord Chelsea.

Under the envisaged deal, Lord Chelsea, a prominent member of the Jockey Club and former director of Chelsea Football Club, would have the major stake in the enlarged group and become a non-executive director. Mr Peter Grant, a colleague from Lord Chelsea's days at Schroder Wagg, the merchant bank, would become chief executive.

Into Headlam would go a tasteful blend of businesses. Cadogan Oakley owns Christy & Co, one of Britain's oldest hat manufacturers, Peter Guild, the furniture manufacturer and Michelsons, which makes men's ties and shirts and holds the tie franchises for Yves Saint Laurent, Hardy Amies and Liberty.

Assessing the relative strengths of the two sides is complicated.

The dissidents' requisition notice had backing from shareholders speaking for 24 per cent of Headlam. On top of that, there is the MIM/Govett/Giddings interest. Directors control only 14 per cent.

However, Albert E. Sharp, Headlam's brokers, said that the requisition notice appeared to have been signed before the Cadogan deal was unveiled. They suggested that the delay in its delivery was prompted by hopes of an agreement.

"He who envies is inferior" runs the airy Cadogan motto. In the matter of Headlam, the Vaughan-Lee/Giddings camp seems set to disagree.

Stratagem blocks other bids for Colonnade

By Andrew Bolger

COLONNADE Development Capital, the small investment company run by British & Commonwealth Holdings and the target of a 163p-per-share cash bid, said yesterday that talks with other parties to produce a better offer had ended.

Colonnade said these other approaches would have given shareholders an appreciable premium over the hostile £8.2m bid which has been tabled by Stratagem Group, the investment company. However, they were conditional on achieving Stratagem's support which was not forthcoming.

Colonnade will press ahead at an extraordinary general meeting on Monday with its proposal for a capital reconstruction and eventual liquidation which it says will realise a book value of 206p per share.

Stratagem, which has extended its offer until next Friday, claimed acceptances for its offer from 51 per cent of Colonnade shareholders by the first closing date on February 21. However, the Stock Exchange's committee on quotations decided that Stratagem should not exercise voting rights in respect of 23 per cent of the equity until the purchase of such shares had been approved by its shareholders.

Stratagem has called an egm to ratify the purchase of the stocks an hour before Colonnade's meeting and is therefore sure that it will be able to block the Colonnade proposals.

Mr Roger Morton, a director of Colonnade, said he was sure that its plans still offered shareholders the best way forward.

Mr Bernard Kerrison, chairman of Stratagem, said he was confident that shareholders would prefer his offer of cash on the table to the uncertainties of the Colonnade plans.

ECONOMIC DIARY

TODAY: Airbus supervisory board meeting in Paris on shifting A-321 assembly to a Hamburg plant. Third round of voting in the Greek presidential election.

TOMORROW: Elections in Ukraine, Byelorussia, and Russian Federation. Mr Nelson Mandela visits Harare (March 6).

MONDAY: Retail sales (January-final). Credit business (January). Financial Times Conferences hold "The London Motor Conference. — Manufacturing, Components, and the Aftermarket" at Royal Lancaster Hotel, London. Start of two-day meetings of the general affairs and agriculture councils of the European Community in Brussels. Scheduled start of trial of Mr John Poindexter, former US national security adviser, on Iran arms charges.

TUESDAY: US factory orders (January). East German parliament in session (until March 7). Nordic foreign ministers meet in Turku (until March 7). Boeing statement on commercial aviation outlook until 2005. British Satellite Broadcasting begins test submissions. Sir Ian MacGregor attends conference on employing older managers in London.

WEDNESDAY: Advance energy statistics (January). Housing starts and completions (January). House renovations (fourth quarter). Overseas travel and tourism (December). Detailed analysis of employment, unemployment, earnings, prices and other indicators. US productivity and costs (February). North/South Korean talks in Panmunjom to arrange meetings between the two countries' prime ministers. Mr Chris Patten, Environment Secretary, attends North Sea conference on dumping of industrial waste, The Hague (until March 8).

THURSDAY: CBI/FT survey of distributive trades (February). International motor show in Geneva (until March 18).

FRIDAY: Construction output (fourth quarter). Capital issues and redemptions (February). East German Christian Democrats hold two-day party congress. Scottish Labour Party conference in Dunoon.

LONDON TRADED OPTIONS

THE MARKET was given a boost yesterday by institutional activity in British Gas and Trusthouse Forte. But elsewhere turnover was low, reflecting the lack of business in the stock market.

British Gas, the busiest option, traded 6,310 contracts and accounted for almost a quarter of the day's dealings. On Thursday just 750 British Gas options changed hands. Yesterday's total was made up of 2,335 calls and 3,975 puts. The June 220 put series was the most active and traded 2,000 lots.

Hoare Govett accounted for the bulk of the trading in British Gas. It sold 1,100 of March 200 calls at 23p and bought 1,100 March 220 puts at 1p, which was a bearish trade. But this was surpassed by the purchase of 1,200 June 220 calls at 18p and the sale of 1,200 June 220 puts at 5p. This bullish transaction pushed the underlying shares higher.

British Gas 5½ added 223p as 8.2m shares changed hands, while the options market traded an equivalent of 6.3m.

Apart from Hoare Govett's transactions, the rest of the day's dealings in British Gas were said to involve the unwinding of existing positions.

Trusthouse Forte also featured as 3,374 lots were traded. These were divided between 2,030 calls and 1,344 puts, with the May 260 put series, on 925 lots, the busiest. THF shares eased a penny to 268p, on 2.7m.

Hoare Govett was also active, selling 300 March 280 calls and 300 of the March 260 puts. This transaction, known as a strangle, was executed for a total of 6p. It assumed THF would remain close to current levels until the end of March and the investor would be a buyer of stock at 254p and a seller at 286p.

The FT-SE Index traded 4,670 lots, of which 1,354 were calls and 3,316 were puts. Total options market turnover amounted to 25,466, of which 13,458 were calls and 12,008 puts.

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Alld Lyons (*442)	460	12	24	38	25	33	37
	500	4	11	24	60	65	65
ASDA (*110)	100	14	20	22	3	5	8
	110	7	14	17	6½	10	12
Brit. Airways (*197)	180	23	27	33	3	6½	8
	200	10	14	22	10	15	16
	220	3	8	13	25	29	30
Brit Coal (*54)	50	11	13½	14	5	6	9
	60	6	11	11	12	14½	16
SmKl Beecham A (*522)	460	70	84	100	3	6	9
	500	38	54	71	10	16	22
	550	12	29	45	37	42	46
Boots (*254)	260	16	24	31	7½	13	15
	280	6½	13	21	18	24	25
B.P. (*340)	300	45	52	60	1½	4	5½
	330	21	29	38	5	11	14
	360	5½	14	22	22	23	26
British Steel (*139)	135	8	–	–	2½	–	–
	140	–	8	11	–	8½	10
Bass (*959)	950	45	75	108	22	32	37
	1000	23	47	80	52	57	60
C & Wire (*542)	500	60	75	95	7	15	20
	550	24	43	64	25	35	40
Courtaulds (*362)	330	40	48	–	2	9	–
	360	19	28	36	10	21	24
	390	7	15	23	32	30	42
Com. Union (*473)	460	21	36	48	19	22	27
	500	8	19	29	46	47	50
GKN (*385)	360	33	43	52	10	14	20
	390	15	27	37	30	35	36
Grand Met. (*546)	500	62	82	–	4	8	–
	550	28	48	63	18	25	30
I.C.I. (*1078)	1000	80	110	124	17	25	37
	1050	39	77	95	40	47	59
	1100	18	52	70	80	75	87
Kingfisher (*284)	280	19	25	31	9	17	20
	300	9	13	21	19	27	29
Ladbroke (*297)	280	26	33	43	4½	10	13
	300	13	21	33	11	19	21
Land Secur (*477)	460	34	45	57	8	15	18
	500	11	21	36	28	33	39
M & S (*205)	200	14	19	26	4½	8	10
	220	5	8½	15	16	20	21
	240	1½	–	–	37	–	–
STC (*250)	240	15	27	34	10	15	18
	260	8	18	25	23	26	30
Sainsbury (*264)	260	16	22	32	6	10	11
	280	5	12	19	20	20	21
Shell Trans. (*456)	420	48	65	75	4	7	11
	460	16	35	48	16	20	23
Storehouse (*117)	110	13	15	19	4	7½	10
	120	6	10	13	8	12	14
Trafalgar (*326)	300	37	43	55	4	10	13
	330	19	25	40	17	22	28
Utd. Biscuits (*334)	330	14	27	35	14	17	19
	360	4½	13	21	36	37	39
Unilever (*628)	600	43	58¾	78¾	11¼	17½	20¼
	650	15½	30¾	49¼	39	43½	45

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Ultramar (*366)	360	20	35	47	15	22	25
	390	8	22	30	37	40	42

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Brit Aero (*504)	500	30	48	58	33	35	43
	550	13	28	38	67	70	73
BAA (*396)	390	31	38	52	12	18	23
	420	14	23	–	30	35	–
BAT Inds (*797)	750	69	97	120	14	21	25
	800	32	62	80	34	40	47
BTR (*412)	390	33	48	53	11	12	16
	420	16	30	37	26	27	29
Brit. Telecom (*294)	280	26	34	40	4½	8	10
	300	13	20	28	12	16	18
Cadbury Sch (*314)	300	24	37	44	11	15	17
	330	11	22	30	30	33	35
Guinness (*654)	650	33	58	75	26	33	35
	700	14	34	48	57	60	62
GEC (*216)	200	25	31	33	3	5½	7
	220	10	17	21	10	14	17
Hanson (*228)	220	19	24½	33	4½	8	8½
	240	8	14	21	14	17	18
LASMO (*615)	600	43	70	87	25	30	37
	650	23	40	62	52	57	62
P. & O. (*608)	600	28	48¼	60½	26¼	31	37
	650	10	26½	37½	63¼	65½	68¼
Pilkington (*208)	200	20	23	29	6½	10	11
	220	9	12	20	15	20	22
Prudential (*203)	200	11	18	21	10	12	14
	220	4½	9	12	24	25	27
Racal (*225)	220	–	27	36	–	16	18
	230	16	–	–	15	–	–
R.T.Z. (*513)	500	34	51	62	20	27	28
	550	14	29	39	53	55	57
Scot. & New (*300)	300	23	32	42	14	22	25
	330	10	18	25	35	40	43
Tesco (*200)	180	25	30¼	35¼	1¼	3½	4½
	200	10½	17¼	22¼	8¼	10¼	12

Option		Calls Mar	Calls May		Puts Mar	Puts May	
Ferranti (*41)	40	3	5½	–	2½	4½	–
	45	1½	3½	–	6	8	–

Option		Calls Apr	Calls Jul		Puts Apr	Puts Jul	
Jaguar (*849)	800	–	–	–	¼	¼	–
	850	¼	¼	–	–	¼	–

Option		Calls Mar	Calls May	Calls Aug	Puts Mar	Puts May	Puts Aug
Polly Peck (*389)	360	34½	44½	60½	2½	14¾	20¼
	390	13¼	27½	43¾	12	28¼	34¼
Thames Water (*165)	140	25	30	33	½	1	6
	160	7	13	17	3	7	12
	180	1½	4½	8	18	18	26
Water Bldg Pkg (*1675)	1650	65	110	150	40	60	110
	1700	40	85	130	70	80	140
	1750	20	65	100	100	110	170

Option		Calls Apr	Calls Jun	Calls Aug	Puts Apr	Puts Jun	Puts Aug
Reuters (*1055)	1050	65¼	98	120	40	53½	61½
	1100	41¼	74¼	–	68¼	80	–

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Abbey Nat. (*187)	180	8	14	18	70	10	12
	200	1½	6	9	22	23	24
Amstrad (*51)	50	2½	7½	11½	3	7	9
	60	1	4	7	11	13	15
Barclays (*580)	550	34	47	60	9	17	24
	600	4	20	33	43	43	50
Blue Circle (*226)	220	11	17	27	3½	13	15
	240	–	8	15	–	26	28
British Gas (*223)	220	6	19	21	3½	7	11
	240	1	7½	10	19	19	20
Dixons (*129)	120	11	17	20	1½	5	6½
	130	4	11	13	5	8	11
Glaxo (*696)	675	34	62	–	7	22	–
	700	18	47	72	17	33	38
Hawker Sidd. (*615)	600	30	55	75	10	23	35
	650	9	30	55	50	50	67
Hillsdown (*262)	260	10	20	28	6	14	15
	280	3½	11	18	21	23	26
Lonrho (*269)	260	15	31	37	6	12	15
	280	4	20	28	17	20	25
Midland Bk (*331)	330	15	33	43	8	16	21
	360	5	19	30	32	33	37
R. Royce (*170)	160	12½	17	22½	2	7	8
	180	2	7	13	13	16	18
Sears (*102)	100	5½	9½	11½	3	6½	8½
	110	1½	5	8	10	13	14
THF (*268)	260	13	20	–	3½	10½	–
	280	4	10½	20	15	23	23
Thorn EMI (*591)	650	50	80	85	4	14	27
	700	12	47	54	20	32	45
TSB (*136)	130	9	15	17	2	4	7
	140	2½	9	12	8	9	12
Vaal Reefs (*$102)	100	10	17	22	5	11	13
	110	6	12	19	11	16	20
Wellcome (*669)	650	37	72	102	13	33	40
	700	10	47	75	40	57	65

EURO FT-SE INDEX (*2254)

	2125	2175	2225	2275	2325	2375	2425	2475
CALLS								
Mar	146	105	64	40	22	12	5	3
Jun	200	–	135	–	85	–	47	–
Sep	250	–	181	–	135	–	91	–
Dec	295	–	230	–	177	–	129	–
PUTS								
Mar	11	18	33	56	88	126	170	216
Jun	35	–	62	–	103	–	166	–
Sep	53	–	75	–	113	–	163	–
Dec	57	–	82	–	119	–	167	–

FT-SE INDEX (*2254)

	2150	2200	2250	2300	2350	2400	2450	2500
CALLS								
Mar	128	87	52	30	15	7	3	1½
Apr	155	117	85	58	40	23	15	9
May	175	138	105	79	59	42	30	20
Jun	187	152	120	96	73	55	42	30
Dec †	–	245	–	185	–	140	–	98
PUTS								
Mar	15	25	42½	72	107	152	200	250
Apr	28	40	58	88	119	157	203	250
May	36	49	68	95	127	165	206	250
Jun	44	57	77	101	133	169	209	254
Dec †	–	85	–	125	–	185	–	264

March 2 Total Contracts 25,466
Calls 13,458 Puts 12,008
FT-SE Index Calls 1,354 Puts 3,316
Euro FT-SE Calls 2 Puts 632
*Underlying security price. † Long dated expiry months

FT-ACTUARIES SHARE INDICES

Compiled by the Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday March 2 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Thu Feb 1 Index No.	Wed Feb 28 Index No.	Tue Feb 27 Index No.	Year ago (approx) Index No.	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (202)	850.12	+0.8	13.43	5.06	9.07	1.80	843.44	849.61	850.11	939.34	1012.97 18/8 /89	775.54 3 /1 /89	1038.07 16/7 /87	50.71 13/12/74
2	Building Materials (27)	1036.19	+1.0	15.18	5.45	8.21	0.50	1026.03	1030.87	1032.73	1169.90	1287.14 19/5 /89	939.86 3 /1 /89	1381.08 16/7 /87	44.27 11/12/74
3	Contracting, Construction (37)	1410.85	+0.4	17.42	5.61	7.52	3.69	1404.95	1415.77	1419.23	1705.39	1801.66 14/3 /89	1306.13 27/10/89	1951.50 16/7 /87	71.48 2 /12/74
4	Electricals (10)	2354.45	+0.5	11.41	5.28	11.02	0.75	2343.37	2369.80	2368.36	2708.63	3040.80 8 /9 /89	2294.30 3 /1 /89	3040.80 8 /9 /89	84.71 25/6 /62
5	Electronics (30)	1876.55	+0.9	9.60	3.92	13.49	10.52	1860.72	1874.59	1870.65	2118.82	2308.22 19/5 /89	1776.44 3 /1 /89	2308.22 19/5 /89	1229.01 8 /10/85
6	Engineering-Aerospace (8)	420.66	+0.9	14.37	5.25	8.54	0.04	417.08	422.16	419.56	0.00	495.50 4 /1 /90	410.05 23/2 /90	495.50 4 /1 /90	410.05 23/2 /90
7	Engineering-General (43)	458.32	+0.4	12.47	5.23	9.62	1.28	456.65	460.17	458.70	0.00	502.82 4 /1 /90	453.02 23/2 /90	502.82 4 /1 /90	453.02 23/2 /90
8	Metals and Metal Forming (6)	475.14	+1.8	24.80	6.48	4.55	0.00	466.59	467.13	466.39	536.44	562.47 19/5 /89	439.27 27/10/89	596.67 9 /10/87	49.65 6 /1 /75
9	Motors (16)	350.29	+0.5	15.09	6.10	7.77	0.00	348.65	350.87	351.02	317.61	403.90 4 /1 /90	258.24 3 /1 /89	411.42 13/10/87	19.91 6 /1 /75
10	Other Industrial Materials (25)	1535.46	+0.8	11.16	4.72	10.41	3.06	1522.97	1535.67	1543.71	1573.37	1681.53 18/8 /89	1311.63 3 /1 /89	1681.53 18/8 /89	277.55 15/1 /81
21	CONSUMER GROUP (177)	1219.33	+0.2	9.27	3.93	13.47	3.14	1216.89	1229.19	1228.34	1178.37	1417.92 4 /9 /89	1016.74 3 /1 /89	1417.92 4 /9 /89	61.41 13/12/74
22	Brewers and Distillers (22)	1405.98	-0.8	9.93	3.74	12.42	6.57	1417.32	1435.97	1436.96	1314.10	1583.71 5 /9 /89	1112.42 3 /1 /89	1583.71 5 /9 /89	69.47 13/12/74
25	Food Manufacturing (19)	1055.66	+0.5	10.32	4.38	12.06	1.70	1050.72	1057.82	1057.54	1028.61	1220.42 4 /9 /89	926.04 3 /1 /89	1220.42 4 /9 /89	59.67 11/12/74
26	Food Retailing (16)	2274.84	+0.4	8.92	3.33	14.55	6.99	2266.10	2284.49	2278.36	2006.76	2722.30 5 /9 /89	1784.64 3 /1 /89	2722.30 5 /9 /89	54.25 11/12/74
27	Health and Household (13)	2401.86	+0.8	6.52	2.72	18.27	0.20	2382.76	2407.28	2404.40	2172.71	2795.49 4 /1 /90	1778.20 3 /1 /89	2795.49 4 /1 /90	175.38 28/5 /80
29	Leisure (31)	1490.82	+0.5	8.85	3.97	13.95	5.74	1490.77	1518.63	1523.87	1612.80	1845.77 8 /9 /89	1346.22 3 /1 /89	1845.77 8 /9 /89	54.83 9 /1 /75
31	Packaging & Paper (13)	556.50	+0.2	12.63	5.57	10.00	0.90	555.33	555.75	555.84	598.17	623.86 4 /9 /89	512.34 16/10/89	739.48 16/7 /87	43.46 6 /1 /75
32	Publishing & Printing (17)	3338.80	+0.1	9.69	5.27	13.17	21.20	3336.24	3361.43	3364.16	3721.97	3916.24 8 /2 /89	3236.76 4 /1 /89	5370.66 5 /10/87	55.08 6 /1 /75
34	Stores (33)	773.55	.....	11.20	4.83	11.61	1.78	773.22	778.75	776.80	762.61	921.71 4 /9 /89	679.97 3 /1 /89	1160.58 29/7 /87	52.63 6 /1 /75
35	Textiles (13)	492.55	-0.2	11.71	6.09	10.35	0.37	493.53	497.50	495.46	528.22	586.90 21/9 /89	464.71 3 /1 /89	914.52 2 /10/87	62.66 11/12/74
40	OTHER GROUPS (103)	1159.13	+0.9	10.78	4.87	11.12	1.57	1149.21	1154.97	1154.77	1064.41	1233.52 3 /1 /90	896.15 3 /1 /89	1233.52 3 /1 /90	58.63 6 /1 /75
41	Agencies (17)	1545.73	+0.7	6.78	2.41	18.15	9.20	1534.87	1533.97	1533.02	1307.91	1630.70 5 /9 /89	1030.84 3 /1 /89	1795.57 17/7 /87	870.35 4 /12/87
42	Chemicals (22)	1182.62	+1.0	12.19	5.58	9.65	0.57	1170.59	1172.34	1174.62	1199.00	1370.94 11/8 /89	1026.37 3 /1 /89	1545.46 5 /10/87	71.20 1 /12/74
43	Conglomerates (13)	1587.29	+2.2	10.26	6.17	11.48	5.27	1553.17	1572.15	1573.95	1485.63	1819.46 11/8 /89	1254.94 3 /1 /89	1819.46 11/8 /89	975.19 10/11/87
44	Transport (13)	2252.84	+0.6	10.90	4.27	11.67	2.88	2239.02	2254.86	2247.74	2390.77	2554.69 12/7 /89	1836.25 4 /1 /89	2554.69 12/7 /89	90.80 29/6 /62
46	Telephone Networks (2)	1207.94	-0.3	10.51	4.24	12.37	0.00	1211.71	1217.76	1216.75	1124.76	1290.72 3 /1 /90	1002.43 3 /1 /89	1290.72 3 /1 /90	517.92 30/11/84
47	Water (10)	2037.38	+0.6	17.10	6.65	6.47	0.00	2024.49	2029.38	2041.34	0.00	2079.08 16/2 /90	1951.04 16/1 /90	2079.08 16/2 /90	1951.04 16/1 /90
48	Miscellaneous (26)	1848.98	+1.2	9.73	4.45	11.59	1.11	1826.65	1832.37	1827.35	1452.66	2087.06 11/7 /89	1183.56 5 /1 /89	2087.06 11/7 /89	60.39 6 /7 /75
49	INDUSTRIAL GROUP (482)	1121.62	+0.6	10.77	4.50	11.36	2.33	1115.42	1124.14	1123.90	1105.39	1273.71 5 /9 /89	935.74 3 /1 /89	1273.71 5 /9 /89	59.01 13/12/74
51	Oil & Gas (18)	2361.15	+1.6	10.26	5.10	12.09	31.87	2325.00	2338.04	2332.08	1808.17	2475.71 2 /1 /90	1725.77 3 /1 /89	2475.71 2 /1 /90	87.23 29/5 /62
59	500 SHARE INDEX (500)	1224.41	+0.7	10.69	4.59	11.56	4.59	1215.89	1225.01	1224.32	1172.49	1355.68 5 /9 /89	1082.81 3 /1 /89	1369.88 16/7 /87	63.49 13/12/74
61	FINANCIAL GROUP (114)	800.88	+0.1	–	5.57	–	5.62	800.07	804.79	805.67	747.62	869.67 3 /1 /90	670.86 3 /1 /89	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	876.67	+0.2	19.19	6.27	6.02	13.93	875.33	874.45	867.74	737.87	918.30 2 /2 /90	657.74 3 /1 /89	918.30 2 /2 /90	62.44 12/12/74
65	Insurance (Life) (7)	1291.81	+0.2	–	5.14	–	0.00	1288.60	1304.95	1308.84	1058.12	1484.67 3 /1 /90	933.96 5 /1 /89	1484.67 3 /1 /90	44.88 2 /1 /75
66	Insurance (Composite) (7)	648.99	-0.6	–	6.12	–	0.00	653.08	663.79	678.02	601.65	768.11 29/12/89	528.72 3 /1 /89	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (6)	1060.56	+0.2	6.95	5.94	19.15	0.73	1058.24	1056.42	1059.56	1014.63	1194.74 4 /1 /90	916.60 3 /1 /89	1399.56 17/7 /87	65.86 16/12/74
68	Merchant Banks (8)	486.50	-0.5	–	3.70	–	0.04	489.02	490.44	488.56	345.65	502.02 8 /2 /90	318.85 3 /1 /89	547.59 12/10/87	31.21 7 /1 /75
69	Property (49)	1104.39	+0.6	8.22	3.91	15.39	1.39	1097.49	1107.50	1109.33	1310.88	1398.87 5 /9 /89	1097.49 1 /3 /90	1398.87 5 /9 /89	56.01 20/4 /65
70	Other Financial (28)	314.84	+0.2	13.78	6.74	9.58	2.30	314.27	316.05	315.82	378.15	391.49 8 /2 /89	304.56 16/10/89	603.48 16/7 /87	33.29 17/12/74
71	Investment Trusts (68)	1153.62	+0.9	–	3.24	–	4.61	1142.87	1152.67	1144.06	1085.15	1323.81 4 /1 /90	922.04 3 /1 /89	1323.81 4 /1 /90	71.12 13/12/74
91	Overseas Traders (5)	1361.42	+0.3	9.48	6.72	12.75	30.79	1357.44	1358.04	1357.30	1420.52	1614.04 3 /1 /90	1255.90 17/10/89	1614.04 3 /1 /90	97.37 6 /1 /75
99	ALL-SHARE INDEX (687)	1121.03	+0.6	–	4.71	–	4.90	1114.18	1122.26	1121.66	1069.25	1226.83 3 /1 /90	921.22 3 /1 /89	1238.57 16/7 /87	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Feb 1	Feb 28	Feb 27	Feb 26	Feb 25	Year ago	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2254.8	+16.4	2255.9	2240.6	2238.4	2255.4	2254.8	2249.3	2236.7	2059.2	2463.7 3 /1 /90	1694.5 8 /2 /88	2463.7 3 /1 /90	986.9 23/7 /84

FIXED INTEREST

	PRICE INDICES	Fri Mar 2	Day's change %	Thu Mar 1	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	114.15	-0.03	114.18	–	2.06
2	5-15 years	120.22	-0.37	120.66	–	2.34
3	Over 15 years	126.24	-0.45	126.81	–	2.32
4	Irredeemables	143.62	-0.26	144.00	–	1.51
5	All stocks	120.50	-0.26	120.81	–	2.26
	Index-Linked					
6	Up to 5 years	140.30	-0.04	140.36	–	0.94
7	Over 5 years	134.91	+0.11	134.77	–	0.81
8	All stocks	135.21	+0.10	135.07	–	0.82
9	Debentures & Loans	99.91	+0.49	99.42	–	2.12
10	Preference	78.39	-0.15	78.51	–	1.17

	AVERAGE GROSS REDEMPTION YIELDS		Fri Mar 2	Thu Mar 1	Year ago (approx.)	1989/90 High	1989/90 Low
	British Government						
1	Low	5 years	11.18	11.08	9.20	11.18 2 /3 /90	8.88 9 /2 /89
2	Coupons	15 years	10.89	10.78	8.96	10.89 2 /3 /90	8.77 9 /2 /89
3		25 years	10.78	10.68	8.84	10.78 2 /3 /90	8.73 16/2 /89
4	Medium	5 years	12.47	12.40	10.34	12.47 2 /3 /90	9.96 8 /2 /89
5	Coupons	15 years	11.33	11.26	9.41	11.33 2 /3 /90	9.21 8 /2 /89
6		25 years	10.90	10.84	8.99	10.90 2 /3 /90	8.85 17/2 /89
7	High	5 years	12.59	12.52	10.47	12.59 2 /3 /90	10.13 8 /2 /89
8	Coupons	15 years	11.56	11.47	9.64	11.56 2 /3 /90	9.41 8 /2 /89
9		25 years	11.07	11.00	9.19	11.07 2 /3 /90	8.99 27/1 /89
10	Irredeemables †		10.76	10.72	8.75	10.76 2 /3 /90	8.68 15/3 /89
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	4.47	4.42	3.30	4.66 20/2 /90	2.75 21/8 /89
12	Inflation rate 5%	Over 5 yrs.	3.97	3.97	3.48	4.04 20/2 /90	3.41 21/8 /89
13	Inflation rate 10%	Up to 5 yrs.	3.53	3.47	2.43	3.67 20/2 /90	1.91 21/8 /89
14	Inflation rate 10%	Over 5 yrs.	3.80	3.80	3.31	3.85 20/2 /90	3.23 21/8 /89
15	Debs &	5 years	13.52	13.56	11.89	13.82 3 /11/89	11.47 30/12/88
16	Loans	15 years	12.96	13.03	11.31	13.03 1 /3 /90	11.19 1 /2 /89
17		25 years	12.96	13.03	10.75	13.03 1 /3 /90	10.66 27/2 /89
18	Preference †		11.77	11.75	10.02	11.77 2 /3 /90	10.00 17/3 /89

‡Opening index 2240.6; 10 am 2247.1; 11 am 2252.7; Noon 2251.2; 1 pm 2251.6; 2 pm 2252.6; 3 pm 2253.7; 3.30 pm 2252.5; 4 pm 2254.0 (a) 2.52pm (b) 9.00am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Engineering - Aerospace	29/12/89	486.00	Other Industrial Materials	31/12/80	287.41	Food Retailing	29/12/67	114.13
Engineering - General	29/12/89	486.00	Health/Household Products	30/12/77	261.77	Insurance Brokers	29/12/67	96.67
Water	29/12/89	1968.45	Other Groups	31/12/74	63.75	All Other	10/4/62	100.00
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Conglomerates	31/12/86	1114.07	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Telephone Networks	30/11/84	517.92	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00
Electronics	30/12/83	1646.65	Food Manufacturing	29/12/67	114.13	Preference	31/12/77	76.72
						FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.

APPOINTMENTS

EDUCATIONAL

PERSONAL

LEGAL NOTICES

No. 760 o/s of 1989

In the HIGH COURT OF JUSTICE, Chancery Division, Manchester District Registry. In the Matter of JAMES CROSBY GROUP PLC And In the Matter of the Companies Act 1985 NOTICE is hereby given that the Order of the High Court Justice (Chancery Division, Manchester District Registry) dated 26th January 1990 confirming the reduction of the capital of the above named Company by the cancellation of the sum of £2,606,670.66 standing to the credit of the share premium account of the Company was registered by the Registrar of Companies on 10th February 1990.

DATED the 28th day of February 1990

Slater Heelis,
71 Princess Street,
Manchester
M2 4HL

Solicitors for the above named Company

INTERNATIONAL COMPANIES AND FINANCE

Stock market watchdog assigns Bond investigator

By Chris Sherwell in Sydney

THE MINISTERIAL council of the National Companies and Securities Commission (NCSC), Australia's stock market watchdog, yesterday announced the appointment of a special investigator into the affairs of the Bond group.

The decision sharpens a long-running clash between the debt-burdened brewing, media and property group, headed by Mr Alan Bond, and Australia's regulatory authorities, which have already undertaken detailed inquiries into its affairs.

The move is the NCSC's fourth big investigation into controversial Australian entrepreneurial businesses in two years. The others have targeted Mr Bruce Judge's Ariadne group, Mr Laurie Connell's Rothwells finance house and Mr Brian Yuill's Spedley group. Rothwells and Spedley are both in liquidation.

The ministerial council – which groups attorneys-general from Australia's federal and state government and is the ultimate authority behind the NCSC – named the Bond investigator as Mr John Sulan of Thomson Simmons, an Adelaide law firm.

He is expected to examine evidence already gained in the NCSC's inquiries last year, plus evidence presented in court hearings involving the Bond group this year. The aim is to determine whether any criminal or civil legal action should be brought.

The NCSC's inquiries focused on several different Bond group transactions, but most significantly on the way A$1.2bn (US$916m) came to be paid by the cash-rich Bell Resources to its parent, Bond Corporation, as a "deposit" on the purchase of Bond's brewing assets.

On this, additional information has emerged from recent court hearings on the now-reversed appointment of receivers to Bond Brewing Holdings, and through inquiries by the independent board at Bell Resources which was installed in December after NCSC intervention.

Yesterday's decision ends speculation that the NCSC's request for a special investigation might not be met, and was made in spite of appeals from the Bond group.

Only last month the company said little purpose would be served by a further investigation that would divert valuable executive time and financial resources.

Trelleborg advances to SKr2.8bn

By Robert Taylor in Stockholm

TRELLEBORG, the Swedish industrial group, with interests in mining, rubber, plastics and chemicals, yesterday reported better than expected profits growth.

For 1989 the company lifted profits after financial items by 40 per cent to SKr2.8bn ($455m) from SKr2bn. Sales rose by 23 per cent to SKr26.5bn from SKr21.5bn. The board proposed a dividend increase to SKr6 a share from SKr4 last year.

Trelleborg restructured last year through acquiring half the shares of Falconbridge, the Canadian nickel producer, in alliance with Noranda, the Canadian resources group. It also bought small- and medium-sized companies in Scandinavia, West Germany and the UK for its metals and mining division.

In January Trelleborg turned its building and distribution divisions into separate companies, with the long-term aim of offering about 50 per cent of each to shareholders via the open market.

The group forecasts continued growth this year, though it says this will be less dramatic than in 1988 and 1989, with a real increase of around 15 per cent in post-tax profits in its building and distribution, mineral handling and rubber and plastics activities.

Mr Rune Andersson, chief executive officer, said yesterday it was difficult to predict what would happen to mining and metals because of the price level this year and uncertainty about the American market.

High debt impedes HK's Mass Transit Railway

By John Elliott in Hong Kong

HONG KONG'S heavily-indebted Mass Transit Railway Corporation saw a drop in overall net profits to HK$56m (US$7.17m) last year from HK$200m in 1988 because of increased borrowing charges and a decline in yields from property development.

The number of passengers carried on the MTRC's underground railway system, however, increased by 9 per cent to 688m and fare revenue rose by 15 per cent to HK$2.38bn. This pushed up operating profits by 20.2 per cent from HK$1.36bn to HK$1.64bn before depreciation, interest and finance charges.

The 1988 HK$200m net profits were the corporation's first. They were helped by substantial gains from property sales.

Mr Hamish Mathers, chairman, said yesterday that last year's results were "satisfactory" and in line with long-term plans.

Interest and finance charges increased to HK$1.6bn from HK$1.37bn in 1988. Profits from property development projects dropped to HK$579m from 1988's all-time high of HK$722m. There was an exchange gain of HK$25m compared with HK$13m the year before.

The MTRC, Hong Kong's biggest borrower, has a high international rating. Outstanding debt at the end of last year stood at HK$17.39bn compared with HK$17.31bn at the end of 1988.

Neste in Arco Norge deal

By Karen Fossli

NESTE, the Finnish state oil and chemicals company, is to acquire the Norwegian offshore oil and gas shareholdings of Arco Norge, the Norwegian arm of Atlantic Richfield of the US, for between NKr800m and NKr1.6bn ($122m and $244m).

An agreement in principle has been reached between the two groups.

The deal gives Neste stakes of between 5 and 15 per cent in nine North Sea blocks, of which there are seven licences in oil and gas fields off the Norwegian coast.

Arco has made significant investments in Norway since 1975 but has yet to participate in a revenue-generating oil or gas field. "We can use the capital gained from the sale elsewhere," Arco said.

The 300m-barrel Brage oil field in which Neste will acquire a 9.8 per cent stake is due to come on stream by 1994. The timing for the development of the 700m-barrel Heidrum oil field – in which Neste will gain a 9.9 per cent stake – remains in doubt.

Mr Bo Lindfors, Neste's vice president for exploration and production, said both the fields contained low sulphur oil which was compatible with his company's 200,000 barrel a day refining operation.

Neste has limited oil production but is seeking to expand the upstream part of its oil business.

Harald Norvik: prospects for 1990 are good

Profits leap to new high at Statoil

By Karen Fossli in Oslo

STATOIL, Norway's state oil company, yesterday announced record net profits of NKr5bn ($762m) for 1989, up from NKr340m in 1988 thanks to higher crude oil prices and a steep, 16 per cent increase in domestic oil production.

Mr Harald Norvik, group president, said prospects looked good for 1990 in spite of a steep increase in borrowing. Statoil's equity to debt ratio is 22 per cent compared with 12.3 per cent at the end of 1988.

Excluding the effect of NKr5bn in extraordinary write-offs over a prior two-year period, net profits in 1989 would have been about NKr2bn more than reported, Statoil said.

The company plans to pay a NKr600m dividend to the state after a two-year gap in which Statoil's profits were severely hampered by weak oil prices and write-offs connected with the expansion and upgrading of the group's Mongstad refinery.

Operating income increased by 26 per cent to NKr59.6bn last year. Pre-tax profits, before extraordinary items, doubled to NKr8.2bn from NKr4.1bn in 1988.

Statoil has established a solid position in its main markets, and the outlook for 1990 is good, it said. However, the group warned that the markets for its main products are affected by large cyclical swings.

The main imponderable is oil prices. The price of Brent Blend, the North Sea marker, was $18.2 per barrel last year compared with $14.9 per barrel in 1988.

Operating costs last year rose to NKr49.1bn from NKr41.1bn.

Exploration and production had an operating profit of NKr9.9bn, up from NKr4.8bn. Refining and marketing suffered an operating loss of NKr44m compared with a profit of NKr161m in 1988. Petrochemicals, the third main group division, suffered a decrease in operating profit to NKr796m from NKr1.8bn.

Writedowns top C$100m at Magna International

By Bernard Simon in Toronto

MAGNA International, the Toronto-based automotive parts maker once considered *one of the great Canadian success* stories of the 1980s, will take large writedowns in an effort to staunch losses.

The group said the writedowns, amounting to between C$100m and C$150m (US$84m and US$126m), would be reflected in its results for the quarter to January 31, which are due out later this month.

The move means the company will be unable to meet the financial tests of some of its debt, the long-term portion of which totalled C$589m at the end of its 1989 fiscal year last July.

Magna said it had begun talks with lenders "with a view to resolving this situation" and that it was up to date on all principal and interest payments.

With about 120 factories and 12,400 workers, Magna is one of North America's biggest parts makers. It has joint ventures with several North American, Japanese and European suppliers.

Mr Frank Stronach, a colourful Austrian immigrant who founded Magna almost 30 years ago, still holds a 54 per cent interest in the company.

Problems at the group were apparent even before the recent slackness in the automotive industry.

A sharp rise in its debt burden to fund expansion raised interest payments from C$3.6m in the year to July 31 1986 to C$73m in fiscal 1989.

It suffered a C$9.9m loss in the three months to October 31. Earnings of C$33.6m in fiscal 1989 included a gain of C$63.8m from real estate sales.

Magna expanded rapidly in the 1970s and 1980s, reaping the fruits of a non-unionised labour force and an entrepreneurial management team. Assets ballooned from less than C$8m in 1970 to C$1.8bn in 1988.

The company said the planned writedowns, the sale of unprofitable businesses and real estate, and the creation of joint ventures for some of its operations "will result in a much streamlined core business, significantly reduce debt levels and improve cash flows over calendar 1990."

Magna's share price has dropped sharply as its troubles have become apparent.

The class A subordinated voting shares have tumbled from a peak of C$36.50 on the Toronto stock exchange in 1986 to C$6.75 when trading was halted on Thursday. They reopened yesterday morning at C$6.

Strong demand for UAP issue

By George Graham in Paris

UNION DES Assurances de Paris (UAP), the largest French state-owned insurance company, has met strong demand on foreign markets for its FFr10.5bn ($1.81bn) capital increase, but less enthusiasm in France.

The state is taking up FFr3.98bn of the rights issue, which it will pass on to Banque Nationale de Paris (BNP). Some FFr4.57bn is being offered publicly in the French market, with FFr2bn to be placed in other European markets.

Bankers managing the offering say that the foreign tranche has been at least two times oversubscribed, with particularly strong demand from the UK and Scandinavia, but a less eager response in West Germany and Switzerland.

"This is a big success in a not very easy market. In better conditions this paper would have been snapped up," commented an official at Banque Indosuez, which is leading the international offering.

This is the first time that foreign investors have had the chance to buy UAP's shares. The issue coincides with a change in the French law, which previously allowed only individuals and French institutions to buy shares in the state-owned insurance companies.

UAP's shares have been much less sought after in the French market. Even though the Paris stock market index gained 2.8 per cent last week, UAP's shares have declined from their level before the offer price was fixed.

The new shares are being offered at FFr625, while the old shares, cum dividend, were trading in the market yesterday at FFr631, FFr12 down during the week.

Private investors have shown little interest in the offering, bankers say, and the issue has fallen far short of the enthusiasm generated for full-scale privatisations in 1986-87.

Nevertheless, bankers say it is unlikely for political reasons that the French Government would want to increase the size of the international tranche.

Bundesbahn plans debt auction

By Katharine Campbell in Frankfurt

THE BUNDESBAHN is making its debut in the domestic market for D-Mark floating rate notes with the first US style-auction for public authority debt in Germany.

The federal railway's issue was being hailed in Frankfurt as a breach in the defences of the highly-profitable consortium of banks that has hitherto placed both federal debt and that of the government-guaranteed railway and postal services.

The auction, to be held by the Bundesbank, is for 10-year paper, with an option for the borrower to call the issue after two years.

It carries a coupon of 20 basis points below the three-month London interbank offered rate.

The auction is free of the German stock turnover tax, which applies at a rate of 0.1 per cent to non-bank purchasers of fixed-income securities. Bids are accepted until next Wednesday.

While no volume target is set, bankers planning to bid for the paper said they expected between DM2bn and DM3bn to be raised.

The pricing was tight, they said, but the name of the borrower, the novelty of the structure, and the tax exemption would ensure its success.

Dealers expect trading to open close to par.

The federal railway, one of the largest domestic issuers, aims to sell about DM6bn to DM7bn of debt annually over the next two years, partly meeting financing needs for its planned expansion into the east. Floating-rate finance is clearly attractive at present given the parlous state of long German bonds.

D-Mark floaters have only been permitted by the Bundesbank since 1985, as part of the initial wave of domestic capital market liberalisations. Issuance levels to date have been relatively modest and concentrated in London.

Wella looks to current year with optimism

By Andrew Fisher in Frankfurt

RISING profits and turnover in 1989 have left Wella, the West German hair care and cosmetics company, optimistic about prospects this year, in spite of a slight drop in business in both the US and Japanese markets.

Group turnover rose 8.9 per cent to DM2.4bn ($1.4bn), although profits advanced at a slower rate because of the lower US and *Japanese turnover*.

In 1988 net income was 4 per cent higher at DM70.4m.

Wella, which also owns Parfums Rochas, the French perfume maker, has already shifted responsibility for the Pacific region to Tokyo, allowing it to be in closer contact with differing local markets. Wella has streamlined its product range and marketing *approach to* take account of the stagnation in Japan, its second biggest market, after a long period of sharp growth.

In the US, Wella is still building up the business over which it only gained full control at the start of the 1980s. It has invested $11m in a new plant in Virginia, to be opened next month.

Group capital spending last year rose by 41 per cent to *DM100m, including a new Australian plant.*

Turnover of the German parent company alone rose by 2.5 per cent to DM627m. Of this, DM511m was accounted for by the domestic market, where sales grew by just under 2 per cent. Exports, however, were 5.5 per cent higher.

Axa-Midi to shed remaining stake in Clause

By George Graham

AXA-MIDI, the French insurance group, is to withdraw completely from Clause, the seeds company, by selling its remaining 20 per cent stake to Lafarge Coppée, the cement group, and Rhône-Poulenc, the state-owned chemicals company, which together took control of Clause last August.

Axa-Midi will receive FFr240m ($41.5m) for the stake, or FFr790 a share. This is 43 per cent less than the price it received from the two partners last summer for a first tranche of 45 per cent, and follows an audit of Clause which led to a downward revision of its value.

Following the audit, Clause made a provision of FFr60m to cover a write-off on its stocks, forcing it into a net loss for the year to June 30 1989 of FFr33.6m.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1989/90	Low 1989/90
Gold per troy oz.	$403.5	-12.5	$389.25	$420.25	$356.5
Silver Per troy oz	308.95p	+1.7	338.30p	376.15p	307.25p
Aluminium 99.7% (cash)	$1546	+51	$2195	$2610	$1394.5
Copper Grade A (cash)	£1546	+115	£1895	£1982.5	£1301
Lead(cash)	£588.5	+53.5	£344.5	£515	£337
Nickel (cash)	$8675	+900	$18950	$19350	$5887.5
Zinc SHG (cash)	$1532.5	+78	$2025	$2107.5	$1265
Tin (cash)	$6330	-85	$4675	$10760	$6210
Cocoa Futures (May)	£712	+57	£863	£947	£622
Coffee Futures (May)	£675	+39	£1128	£1270	£572
Sugar (LDP Raw)	$345	-9.6	$285	$381.0	$235.8
Barley Futures (May)	£107.1	+0.1	£112.25	£113.85	£100.95
Wheat Futures (May)	£115.3	+0.6	£116.75	£121.85	£104.7
Cotton Outlook A Index	77.55c	-0.55	62.35c	84.95c	61.35c
Wool (64s Super)	548p		647p	710p	548p
Oil (Brent Blend)	$19.300z	+0.025	$16.875	$21.975	$16.125

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. z-Apr.

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$16.20-6.30z	
Brent Blend	$19.28-9.32z	-0.5
W.T.I. (1 pm est)	$21.28-1.30z	+0.65
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$217-219	-3
Gas Oil	168-169	
Heavy Fuel Oil	$88-90	-2
Naphtha	$178-179	-3
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$403.50	-4.25
Silver (per troy oz)♣	513.00c	-4.00
Platinum (per troy oz)	$507.90	+0.65
Palladium (per troy oz)	$129.25	-0.50
Aluminium (free market)	$1525	-10
Copper (US Producer)	116⅝-119	+1
Lead (US Producer)	44½c	
Nickel (free market)	390c	+20
Tin (Kuala Lumpur market)	16.63r	
Tin (New York)	295c	+1
Zinc (US Prime Western)	69¼c	+0.25
Cattle (live weight)†	109.43p	+0.19*
Sheep (dead weight)†	215.58p	+9.27*
Pigs (live weight)†	94.94p	-2.68*
London daily sugar (raw)	$345.0x	-1.50
London daily sugar (white)	$424.0x	-1.50
Tate and Lyle export price	£321.5	+0.50
Barley (English feed)	£112+1.0	
Maize (US No. 3 yellow)	£126.5	
Wheat (US Dark Northern)	£127	
Rubber (Apr)♥	55.75p	+0.25
Rubber (May)♥	58.50p	+0.25
Rubber (KL RSS No 1 Mar)	231.0m	+0.5
Coconut oil (Philippines)§	$387.5t	+2.5
Palm Oil (Malaysian)§	$277.5w	-5.0
Copra (Philippines)§	$242.5	+2.5
Soyabeans (US)	£161	+1
Cotton "A" Index	77.55c	-0.4
Wooltops (64s Super)	548p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Feb/Mar. t-Mar/Apr. v-Jan/Mar. w-Mar. z-Apr. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low	
Apr	19.24	19.40	19.34	19.18
May	19.24	19.38	19.34	19.15
IPE Index	19.54	19.44		

Turnover: 8744 (8765)

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Mar	697	663	700	686
May	712	681	715	682
Jul	728	694	730	695
Sep	739	707	743	710
Dec	762	732	763	735
Mar	780	753	784	756
May	796	770	797	790

Turnover: 17302 (13460) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar 1 830.06 (831.06) 10 day average for Mar 2 800.74(796.04)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low	
Mar	651	629	654	638
May	675	650	678	660
Jul	680	651	689	669
Sep	691	669	701	678
Nov	707	682	715	695
Jan	717	694	725	710
Mar	734	715	733	

Turnover: 10155 (8412) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar 1: Comp. daily 74.06 (72.27). 15 day average 68.99 (68.24)

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
May	318.60	316.20	320.40	313.60
Aug	319.40	314.80	319.20	314.00
Oct	312.00	307.40	311.40	308.80
Dec	306.60	307.60	300.00	
White	**Close**	**Previous**	**High/Low**	
May	421.0	419.5	421.0	418.0
Aug	419.0	416.0	419.1	414.5
Oct	389.5	386.0	387.5	386.0
Mar	369.0	361.5	368.6	360.0

Turnover: Raw 1916 (2018) lots of 50 tonnes. White 754 (965)
Paris- White (FFr per tonne): May 2444, Aug 2440, Oct 2285, Dec 2185, Mar 2175, May 2180.

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low	
Mar	167.60	167.60	168.00	166.25
Apr	163.50	163.25	163.75	162.00
May	161.75	161.50	161.75	160.50
Jun	160.75	161.50	161.75	160.00
Jul	161.25	163.00	162.00	160.00
Aug	*162.25*	*164.75*	*163.00*	*162.00*

Turnover 6420 (7299)lots of 100 tonnes

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 23,100 tonne
Cash	1545-7	1530-2		1526-7		
3 months	1545-6	1535-6	1550/1530	1531-2	1546-7	21,498 lots
Copper, Grade A (£ per tonne)						Ring turnover 92,300 tonne
Cash	1545-7	1500-1	1540/1515	1517-8		
3 months	1516-7	1481-2	1518/1488	1489-90	1517-8	12,129 lots
Lead (£ per tonne)						Ring turnover 18,050 tonne
Cash	587-70	530-5	570/568	569-70		
3 months	448-9	436-9	451/445	445-6	451-2	80 lots
Nickel ($ per tonne)						Ring turnover 3,174 tonne
Cash	8650-700	8350-400	8360	8360-90		
3 months	8525-30	8250-300	8600/8050	8225-50	8525-60	222 lots
Tin ($ per tonne)						Ring turnover 1,000 tonne
Cash	6320-40	6375-85	6310	6305-10		
3 months	6450-60	6500-10	6490/6425	6430-5	6470-80	0 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 16,500 tonne
Cash	1530-5	1494-6	1537/1530	1537-40		
3 months	1483-4	1462-4	1487/1473	1484-5	1486-7	1,903 lots
Zinc ($ per tonne)						Ring turnover 825 tonne
Cash	1510-20	1480-90	1505	1502-5		
March 30	1490-500	1460-70		1480-90		0 lots

LME Closing £/$ rate: SPOT: 1.6535 3 months: 1.6262 6 months: 1.5959 9 months: 1.5737

POTATOES – BFE £/tonne

	Close	Previous	High/Low	
Apr	188.1	195.4	193.5	188.0
May	221.0	226.5	224.0	220.1

Turnover 340 (722) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low	
Apr	124.80	124.00	125.00	124.80
Oct	123.30	122.00	123.30	123.00

Turnover 80 (102) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low	
Mar	1658	1657	1662	1655
Apr	1668	1660	1669	1664
Jul	1390	1393	1395	1395
Oct	1489	1493	1465	1460
Jan	1493	1495	1497	1492
BFI	1606	1603		

Turnover 165 (158)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low	
Mar	112.30	112.30	112.30	111.80
May	115.30	115.30	115.30	114.85
Jun	117.35	117.25	116.95	116.75
Barley	**Close**	**Previous**	**High/Low**	
Mar	106.10	105.60	106.00	105.75
May	107.10	107.25	107.10	107.10
Sep	103.10	103.10		
Nov	106.60	106.65	106.60	106.60

Turnover: Wheat 198 (168). Barley 15 (21). Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low	
Apr	118.5	119.0	118.0	
Jun	119.0	119.5	119.0	118.0

Turnover 7 (52) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	403¼-403¾	243½-244¼
Opening	*405¾-407¼*	*244¼-244¾*
Morning fix	406.40	244.378
Afternoon fix	405.05	244.153
Day's high	406¾-407¼	
Day's low	402¼-402¾	
Coins	**$ price**	**£ equivalent**
Mapleleaf	412-417	249-252
Britannia	412-417	249-252
US Eagle	412-417	249-252
Angel	412-417	249-252
Krugerrand	402½-405½	243½-245½
New Sov.	95¾-97¾	58-59½
Old Sov.	95¾-97¾	58-59½
Noble Plat	515.25-523.40	310.30-315.20
Silver fix	***p/fine oz***	***US cts equiv***
Spot	308.95	514.00
3 months	320.70	524.85
6 months	332.65	535.80
12 months	358.15	558.30

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
1450	99	116	1	20
1550	17	58	18	58
1650	1	22	101	122
Copper (Grade A)	**Calls**		**Puts**	
2400	146	141	1	55
2500	56	88	10	100
2600	9	60	62	161
Coffee	**May**	**Jul**	**May**	**Jul**
650	41	57	16	27
700	17	33	42	53
750	6	17	81	87
Cocoa	**May**	**Jul**	**May**	**Jul**
650	66	84	6	9
700	33	50	21	25
750	13	26	51	51
Brent Crude	**Apr**	**May**	**Apr**	**May**
1900		33	11	10
1950		7		32
2000				

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Mar	402.5	406.2	402.5	402.5
Apr	405.6	409.0	408.7	404.0
Jun	410.6	414.6	414.5	409.3
Aug	416.7	419.9	418.2	415.0
Oct	421.7	425.2	423.0	421.7
Dec	426.5	430.4	430.4	424.4
Feb	430.0	436.8	434.1	430.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	508.5	508.0	511.0	505.6
Jul	512.5	513.1	515.5	511.1
Oct	518.5	519.1	521.0	518.5
Jan	526.5	525.5	526.5	526.5

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Mar	514.5	515.4	514.9	510.0
Apr	515.8	519.0	516.0	516.0
May	521.0	523.0	522.5	518.0
Jul	529.0	531.2	531.0	526.0
Sep	536.5	539.7	539.0	535.0
Dec	550.0	551.5	551.0	546.0
Jan	551.8	555.0	0	0
Mar	560.2	563.5	560.5	560.5
May	568.3	571.6	567.5	567.5
Jul	576.6	579.9	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	119.80	115.20	120.00	117.05
Apr	116.05	111.50	116.50	115.00
May	113.70	109.20	114.10	111.20
Jun	111.00	106.60	110.00	109.20
Jul	108.50	104.20	109.00	106.60
Aug	106.70	102.95	0	0
Sep	104.60	101.35	105.50	102.00
Oct	103.65	100.50	0	0
Nov	102.35	99.50	0	0
Dec	101.10	98.50	101.10	99.90

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Apr	21.22	21.17	21.35	21.07
May	21.25	21.25	21.36	21.11
Jun	21.23	21.24	21.31	21.08
Aug	20.83	20.91	20.95	20.80
Sep	20.70	20.77	20.78	20.68
Oct	20.62	20.71	20.71	20.60
Dec	20.58	20.66	20.66	20.54

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Apr	5520	5463	5585	5450
May	5425	5407	5465	5375
Jun	5380	5358	5400	5325
Aug	5445	5409	5445	5395
Oct	5605	5591	5605	5605
Dec	5765	5731	5765	5760
Jan	5830	5751	5830	5795

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1123	1073	HIGH	1098
May	1094	1054	1125	1076
Jul	1099	1061	1096	1082
Dec	1136	1101	1118	1120
Mar	1158	1120	1140	1139
May	1175	1135	1148	1165
Jul	1186	1161	1176	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	99.00	96.75	99.00	96.80
May	99.48	96.49	99.50	97.10
Jul	100.85	97.70	100.90	98.30
Sep	102.10	99.00	102.30	99.50
Dec	104.00	100.60	104.00	101.30
Mar	106.00	102.60	106.00	104.00
May	108.00	103.00	108.00	106.00
Jul	108.00	106.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	14.47	14.23	14.51	14.18
Jul	14.40	14.15	14.40	14.09
Oct	14.05	13.78	14.07	13.75
May	13.18	13.00	0	0
Jul	13.06	12.82	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	67.80	68.25	68.30	67.75
May	69.62	69.56	69.83	69.35
Jul	70.25	70.05	70.40	69.85
Oct	65.80	65.97	66.30	65.85
Dec	64.95	64.68	65.10	64.50
Mar	66.00	65.60	66.00	65.65

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	192.10	191.15	192.10	189.00
May	189.00	190.80	191.00	187.70
Jul	186.90	186.85	188.40	186.00
Jan	170.50	174.00	172.00	170.60
Mar	174.00	174.00	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Mar 2	Mar 1	mnth ago	yr ago
1849.5	1840.3	1770.8	1985.4

DOW JONES (Base: Dec. 31 1974 = 100)

	Mar 1	Feb 28	mnth ago	yr ago
Spot	130.10	130.97	127.08	135.63
Futures	131.94	131.68	128.99	139.68

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	568/6	567/2	569/0	564/0
May	582/6	581/0	583/0	577/4
Jul	595/2	593/0	595/4	589/4
Aug	597/0	597/0	598/4	594/0
Sep	599/0	597/0	599/0	593/0
Nov	607/0	602/6	606/0	599/0
Jan	616/2	612/0	616/4	609/0
Mar	625/0	621/4	626/0	620/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	21.76	21.31	21.78	21.15
May	21.78	21.41	21.80	21.23
Jul	21.82	21.49	21.85	21.33
Aug	21.65	21.36	21.65	21.20
Sep	21.30	21.12	21.35	21.02
Oct	21.00	20.82	21.12	20.80
Dec	20.95	20.78	21.00	20.71
Jan	20.75	20.65	20.75	20.75

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	159.4	161.4	161.2	159.9
May	164.4	166.4	166.1	163.0
Jul	169.2	170.9	170.7	168.2
Aug	171.5	173.1	173.0	171.0
Sep	173.5	175.0	175.0	173.3
Oct	176.5	177.2	176.7	175.6
Dec	180.0	180.5	180.7	178.5
Jan	182.0	182.7	182.0	181.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	245/6	246/2	246/2	245/2
May	252/4	252/6	252/6	251/4
Jul	257/0	257/0	257/2	255/4
Sep	254/4	254/2	254/4	253/0
Dec	253/0	252/4	253/2	251/0
Mar	259/2	258/4	259/2	258/6
May	261/0	260/6	261/0	260/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	389/6	389/2	392/2	387/4
May	355/2	357/2	359/4	354/4
Jul	339/4	340/2	341/2	338/0
Sep	345/4	347/0	347/4	345/4
Dec	357/6	359/0	359/0	357/4
Mar	366/4	367/0	367/0	365/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	76.25	75.92	76.30	75.67
Jun	71.35	71.27	71.47	71.20
Aug	70.72	70.77	70.87	70.62
Oct	72.50	72.57	72.65	72.35
Dec	73.05	73.07	73.07	72.85
Feb	72.97	73.00	73.00	72.90

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	50.27	49.95	50.47	49.90
Jun	54.37	54.55	54.80	54.30
Jul	54.02	53.95	54.40	53.80
Aug	52.00	51.65	52.05	51.50
Oct	47.15	46.80	47.25	46.70
Dec	47.45	47.15	47.50	47.20
Feb	47.75	47.70	47.75	0
Apr	45.80	45.60	45.80	0

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	48.75	50.12	50.40	48.60
May	49.80	51.25	51.85	49.70
Jul	50.47	52.10	52.35	50.35
Aug	48.77	50.67	50.70	46.75
Feb	53.55	55.20	55.45	53.55
Mar	56.00	58.00	0	0

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up despite intervention

INTERVENTION BY central banks failed to prevent the dollar rising above Y150 and DM1.7200 on the foreign exchanges yesterday. Investors have turned towards the dollar as speculation has faded about an early cut in US interest rates and doubts remain about the prospects for the yen and the D-Mark.

The market suspects the Federal Reserve may wait several months for further economic information before deciding on the direction of US rates. An unchanged figure for US leading indicators in January supported the view of the Fed which is pursuing a neutral policy on rates at present.

On the other hand an increase in Japanese and West German rates may be required to support the D-Mark and yen, but this is likely to be delayed by economic and political factors, including a fragile Japanese equity market and moves on German monetary union.

The Fed intervened several times yesterday selling dollars against the yen. This followed earlier action by the Bank of Japan, selling an estimated $1bn in Tokyo to support the yen. In Frankfurt the Bundesbank sold dollars against the D-Mark, while central banks in France and Spain were also reported as sellers of the dollar, but probably not on a large scale. There was no indication that the Bank of England or Swiss National Bank were involved in the action.

At the finish of trading in London the dollar had advanced to Y150.25 from Y149.65. It had also climbed to DM1.7190 from DM1.7150 and soon after was quoted at DM1.7240 in New York. In terms of the Swiss franc the dollar rose to SFr1.5130 from SFr1.5060 at the London close, and against the French franc improved to FFr5.8100 from FFr5.7925. The dollar's index rose to 68.8 from 68.0.

Sterling weakened further on concern about the UK economic and political situation. The excuse that erratic items caused Wednesday's poor UK trade figures has not gained any wide acceptance in the market, and dealers are also becoming alarmed over indications that the Conservative Government is becoming increasingly unpopular with the electorate, based on recent opinion polls.

The pound fell 1.45 cents to $1.6510. It also declined to DM2.8375 from DM2.8575; to Y248.00 from Y249.25; to SFr2.4975 from SFr2.5075; and to FFr9.5925 from FFr9.6475. Sterling's index shed 0.6 to 88.7.

The Italian lira was firm at the top of the European Monetary System. The Belgian franc remained one of the weakest members but was not under any strong pressure. From Monday the Belgian convertible and financial francs will be unified in a move seen as tying the franc more closely to the EMS.

● £ IN NEW YORK

Mar.2	Latest	Previous Close
£ Spot	1.6860-1.6870	1.6628-1.6638
1 month	0.94-0.93pm	0.94-0.93pm
3 months	2.75-2.72pm	2.75-2.70pm
12 months	9.70-9.60pm	9.65-9.60pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Mar.2	Previous
8.30 am	89.3	89.5
9.00 am	89.4	89.6
10.00 am	89.4	89.5
11.00 am	89.3	89.6
Noon	89.3	89.5
1.00 pm	89.3	89.3
2.00 pm	89.2	89.3
3.00 pm	88.9	89.3
4.00 pm	88.7	89.3

CURRENCY RATES

Mar.2	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling‡	-	1.27627	1.39387
U.S Dollar	7	1.30866	1.19466
Canadian $	12.29	1.55717	1.42415
Austrian Sch.	6½	15.7667	14.4351
Belgian Franc	10¼	46.5818	42.5568
Danish Krone	10½	8.58023	7.85907
Deutsche Mark	6.00	2.23938	2.04813
Neth. Guilder	7.00	2.52048	2.30629
French Franc	10¼	7.56864	6.92007
Italian Lira	13½	1653.00	1510.65
Japanese Yen	4¼	195.841	178.781
Norway Krone	8	8.58350	7.86086
Spanish Peseta	-	143.447	131.365
Swedish Krona	9¼	8.04499	7.36269
Swiss Franc	6.00	1.96692	1.79677
Greek Drach.	20½	210.968	192.926
Irish Punt	-	N/A	0.768616

‡ Sterling quoted in terms of SDR and ECU per £.
† European Commission Calculations.
* All SDR rates are for Mar.1

CURRENCY MOVEMENTS

Mar.2	Bank of England Index	Morgan** Guaranty Changes %
Sterling	88.7	-22.1
U.S Dollar	68.3	-9.7
Canadian Dollar	102.3	-0.4
Austrian Schilling	109.4	+11.6
Belgian Franc	110.1	-3.3
Danish Krone	109.2	+3.6
Deutsche Mark	118.2	+24.2
Swiss Franc	109.7	+17.7
Guilder	114.2	+16.1
French Franc	103.7	-12.6
Lira	100.5	-18.6
Yen	125.5	+55.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100)**Rates are for Mar.1.

OTHER CURRENCIES

Mar.2	£	$
Argentina	9545.45-9567.85	5760.00-5770.00
Australia	2.1775-2.1800	1.3130-1.3140
Brazil	51.7890-51.9695	31.2510-31.3510
Finland	6.6465-6.6675	4.0100-4.0200
Greece	266.20-270.70	160.65-163.25
Hong Kong	12.9445-12.9580	7.8090-7.9010
Iran	118.75*	69.50*
Korea(Sth)	1143.15-1161.60	691.30-696.70
Kuwait	0.4865-0.4875	0.2920-0.2930
Luxembourg	58.80-58.90	35.60-35.70
Malaysia	4.4815-4.4930	2.7050-2.7070
Mexico	4518.30-4537.70	2726.00-2736.00
N. Zealand	2.8150-2.8265	1.6975-1.6995
Saudi Ar.	6.2425-6.2515	3.7495-3.7505
Singapore	3.1020-3.1090	1.8730-1.8750
S. Af (Cm)	4.2695-4.2810	2.5820-2.5835
S. Af (Fn)	5.9280-6.0360	3.5840-3.6495
Taiwan	43.25-43.35	26.15-26.20
U.A.E.	6.1165-6.1225	3.6720-3.6730

*Selling rate

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.6510	1.6417	1.6238	1.5980	1.5550
D-mark	2.8375	2.8211	2.7910	2.7522	2.6885
French Fr.	9.5925	9.5557	9.4907	9.4010	9.2546
Swiss Fr.	2.4975	2.4855	2.4618	2.4278	2.3685
Yen	249.25	247.60	244.55	240.18	232.40

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Mar.2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6500-1.6665	1.6505-1.6515	0.94-0.92cpm	6.76	2.74-2.72pm	6.60
Ireland†	1.5480-1.5590	1.5515-1.5525	0.48-0.43cpm	3.52	1.63-1.53pm	4.08
Canada	1.1895-1.1950	1.1935-1.1945	0.50-0.55cdis	-4.36	1.46-1.51dis	-4.99
Netherlands	1.9220-1.9380	1.9355-1.9365	0.08-0.10cdis	-0.56	0.27-0.32dis	-0.61
Belgium	35.50-35.75	35.60-35.70	3.00-9.00cdis	-1.96	13.00-23.00dis	-2.02
Denmark	6.55¼-6.60½	6.57¼-6.57¾	1.95-2.15oredis	-3.74	6.05-6.55dis	-3.83
W. Germany	1.7055-1.7215	1.7185-1.7195	0.02pm-parpfdis	-0.07	0.02-0.05dis	-0.08
Portugal	150.90-150.85	150.75-150.85	90-100cdis	-7.57	320-350dis	-8.90
Spain	109.60-110.25	109.90-110.00	53-58cdis	-6.05	172-180dis	-6.39
Italy	1258-1268¾	1268¼-1268¾	3.60-4.60liredis	-3.88	12.50-14.50dis	-4.26
Norway	6.56½-6.59½	6.57¼-6.57¾	1.55-1.80oredis	-3.05	4.95-5.35dis	-3.13
France	5.77-5.81½	5.80¾-5.81¼	1.01-1.06cdis	-2.14	3.38-3.48dis	-2.37
Sweden	6.14½-6.18½	6.15¾-6.16¼	3.20-3.35oredis	-6.37	9.40-9.75dis	-6.21
Japan	149.40-150.05	150.20-150.30	0.16-0.14ypm	1.20	0.39-0.36pm	1.00
Austria	12.07-12.12¼	12.09¼-12.10	0.30pm-0.15grodis	-0.22	0.20-1.50dis	-0.28
Switzerland	1.4975-1.5135	1.5125-1.5135	0.11-0.14cdis	-1.00	0.30-0.35dis	-0.86
ECU	1.1895-1.1975	1.1945-1.1955	0.25-0.24cpm	2.46	0.81-0.78pm	2.66

Commercial rates taken towards the end of London trading.† UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 35.60-35.70.

POUND SPOT- FORWARD AGAINST THE POUND

Mar.2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6500-1.6665	1.6505-1.6515	0.94-0.92cpm	6.76	2.74-2.71pm	6.60
Canada	1.9705-1.9845	1.9705-1.9725	0.30-0.21cpm	1.54	0.88-0.75pm	1.65
Netherlands	3.18½-3.22¼	3.19¼-3.20¼	1½-1¼cpm	5.63	4¾-4½pm	5.99
Belgium	58.70-59.50	58.80-58.90	29-17cpm	4.65	77-59pm	4.58
Denmark	10.85-11.12¾	10.85-10.86	3-2½orepm	3.01	8¼-7pm	2.78
Ireland	1.0615-1.0790	1.0640-1.0650	0.31-0.26pm	3.21	0.74-0.64pm	2.59
W. Germany	2.83¾-2.86	2.83¾-2.84¾	1½-1¼pfpm	6.57	4¾-4½pm	6.39
Portugal	247.20-250.85	247.20-248.20	8-27cdis	-0.85	128-181dis	-2.49
Spain	181.35-183.40	181.45-181.75	17-9cpm	0.86	28-8pm	0.31
Italy	2088¼-2109½	2093¾-2094¾	6-4lirepm	2.85	14½-10½pm	2.37
Norway	10.85-10.96¾	10.85-10.86	3¼-3orepm	3.70	10-9pm	3.47
France	9.56¼-9.65½	9.58¾-9.59¾	3¾-3½cpm	4.59	10½-10pm	4.22
Sweden	10.16½-10.28½	10.16½-10.17½	½-¼orepm	0.37	1½-¼pm	0.44
Japan	247½-249½	247½-248½	1¾-1½ypm	8.13	4¾-4½pm	7.53
Austria	19.93-20.15	19.93-19.96	11½-10½gropm	6.69	32-29½pm	6.17
Switzerland	2.48½-2.50¾	2.49¼-2.50¼	1¼-1⅛cpm	5.69	3¾-3½pm	5.69
ECU	1.3945-1.4000	1.3960-1.3970	0.52-0.49cpm	4.34	1.39-1.34pm	3.91

Commercial rates taken towards the end of London trading. Belgian rate is convertible francs. Financial franc 58.80-58.90 Six-month forward dollar 5.33-5.28cpm 12 Months 9.65-9.55cpm

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Mar.2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.1679	42.5568	+0.92	+0.89	±1.5508
Danish Krone	7.79845	7.85907	+0.78	+0.75	±1.6453
German D-Mark	2.04446	2.04813	+0.04	+0.01	±1.1762
French Franc	6.85684	6.92007	+0.92	+0.89	±1.3618
Dutch Guilder	2.30358	2.30629	+0.12	+0.09	±1.5272
Irish Punt	0.763159	0.768616	+0.72	+0.69	±1.6689
Italian Lira	1529.70	1510.65	-1.25	-1.28	±1.5162
Spanish Peseta	132.889	131.365	-1.15	-1.18	±4.2705

Changes are for Ecu, therefore positive change denotes a weak currency Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

Mar 2	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	15-14⅞	15⅛-14⅞	15⅛-15	15¼-15⅛	15⅜-15¼	15⅜-15¼
US Dollar	8¼-8⅛	8⅜-8¼	8⅜-8¼	8⅝-8½	8¾-8⅝	8⅞-8¾
Can. Dollar	13¾-13½	13⅞-13⅝	13¼-13	13¼-13	12⅞-12⅝	12¾-12½
D. Guilder	8⅝-8½	8⅞-8¾	8⅞-8¾	9-8⅞	9¼-9⅛	9⅝-9½
Sw. Franc	9⅛-8⅞	9⅛-9	9⅜-9¼	9⅜-9¼	9⅝-9½	9⅝-9½
Deutschmark	8¼-7⅞	8¼-7⅞	8⅜-8¼	8⅝-8½	9-8⅞	9⅜-9¼
Fr. Franc	10⅛-10	10⅛-10	10½-10⅜	10⅝-10½	11⅛-11	11⅝-11½
Italian Lira	13-11	11¾-10⅞	12⅞-12⅜	13-12½	13⅛-12⅝	13⅛-13⅛
B. Fr. (Fin)	10½-10⅜	10⅜-10⅛	10⅜-10⅛	10⅝-10½	10¾-10⅝	11-10⅞
B. Fr. (Con)	10⅝-10⅜	10⅝-10⅜	10⅝-10⅜	10⅞-10⅝	10⅞-10⅝	11⅛-10⅞
Yen	6⅞-6⅝	6⅞-6⅞	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛
D. Krone	12⅝-11⅞	12¼-12⅛	12⅝-12⅛	12⅞-12⅝	12⅞-12⅝	12⅞-12⅞
Asian $Sing	8⅜-8⅛	8⅜-8⅛	8¾-8⅝	8⅝-8½	8¾-8⅝	8⅞-8¾

Long term Eurodollars: two years 9⅛-8⅞ per cent; three years 9⅛-9⅛ per cent; four years 9⅛-9⅛ per cent; five years 9¾-9¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Mar.2	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.651	2.838	248.0	9.593	2.498	3.198	2094	1.971	58.85
$	0.606	1	1.719	150.2	5.810	1.513	1.937	1268	1.194	35.65
DM	0.352	0.582	1	87.39	3.380	0.880	1.127	737.8	0.695	20.74
YEN	4.032	6.657	11.44	1000.	38.68	10.07	12.90	8444	7.948	237.3
F Fr.	1.042	1.721	2.958	258.5	10.	2.604	3.334	2183	2.055	61.35
S Fr.	0.400	0.661	1.136	99.28	3.840	1	1.280	838.3	0.789	23.56
H Fl.	0.313	0.516	0.887	77.55	3.000	0.781	1	654.8	0.616	18.40
Lira	0.478	0.788	1.355	118.4	4.581	1.193	1.527	1000.	0.941	28.10
C $	0.507	0.838	1.440	125.8	4.867	1.267	1.623	1062	1	29.86
B Fr.	1.699	2.805	4.822	421.4	16.30	4.245	5.434	3558	3.349	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

Rates stay firm

INTEREST RATES had a firm tone in London yesterday but showed no reaction to news that UK official reserves rose an underlying $114bn in February. Sentiment was hit by disappointment at the recent UK trade figures and concern that opinion polls show falling support for the Conservatives.

Three-month interbank was quoted at 15¼-15⅛ per cent, against 15¼-15⅛ on Thursday, and 12-month money rose to 15⅜-15¼ per cent from 15⅜-15⅛.

On Liffe June short sterling fell below technical support at 85.00. The contract opened at 85.02 and closed slightly above the day's low at 84.95, compared with 85.05 on Thursday.

Credit conditions were tight on the London money market. The Bank of England initially forecast a day-to-day shortage of £1,300m, but revised this to £1,250m at noon. Total help of £1,036m was provided.

An early round of assistance was offered and at that time the authorities bought £621m bills, including £57m bills outright, by way of £10m bank bills in band 1 at 14⅞ per cent, and £47m bank bills in band 2 at 14⅞ per cent. At the same time £564m bills were purchased, for resale to the market on March 19, at a rate of 14⅞ per cent.

Before lunch the Bank of England bought another £1m bank bills outright in band 2 at 14⅞ per cent. In the afternoon a further £134m bills were purchased outright, via £5m Treasury bills in band 2 at 14⅞ per cent, and £129m bank bills in band 2 at 14⅞ per cent. Late assistance of around £280m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £631m, with Exchequer transactions absorbing £340m, and a rise in the note circulation £380m. These outweighed bank balances above target of £65m.

At the weekly Treasury bill tender the average rate of discount for 91-day bills rose to 14.4945 from 14.3421 per cent. The £500m bills on offer met applications of £1.89bn. The average rate of discount on £200m of £182-day bills rose to 14.0470 from 13.9617 per cent. These received applications of £591m. Next week a total of £700m 91-day and 182-day bills will again be on offer.

In Amsterdam the Dutch Central Bank allocated Fl 3.488bn in seven-day special advances at this week's tender. The funds replaced an expiring six-day facility of Fl 3.209bn.

UK clearing bank base lending rate 15 per cent from October 5

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar.2) 3 months US dollars		6 months US Dollars	
bid 8⅝	offer 8¾	bid 8⅝	offer 8½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10
Broker loan rate	9¾
Fed.funds	8¾
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	8.00	Three year	8.48
Two month	7.83	Four year	8.55
Three month	8.04	Five year	8.49
Six month	8.16	Seven year	8.57
One year	8.19	10-year	8.53
Two year	8.46	30-year	8.53

Mar.2	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.85-7.95	8.10-8.25	8.20-8.35	8.35-8.50	8.75-8.90	8.00
Paris	10¼-10⅜	10⅜-10½	-	10⅜-10⅞	-	10.00
Zurich	8⅝-8¾	9-9¼	-	9¼-9⅜	-	-
Amsterdam	8.43-8.56	8.70-8.80	-	8.90-9.00	-	-
Tokyo	6⅜-6⅝	7⅛-6⅞	-	7⅛-6⅞	-	-
Milan	12½-13¼	13-13¾	-	13⅜-13½	-	-
Brussels	9.10	10⅛-10½	-	10⅛-10⅜	-	-
Dublin	10⅞-11	11⅞-12	12¼-12½	12⅜-12¼	12⅞-13	-

LONDON MONEY RATES

Mar 2	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	16	15	15⅛	15¼	15⅜	15⅜
Interbank Bid	14⅞	14¾	14⅞	15⅛	15¼	15¼
Sterling CDs	-	-	15	15⅛	15⅛	15⅛
Local Authority Deps.	14¾	14¾	15	15⅛	15⅛	15⅛
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	15½	14¾	14⅞	14⅞	-	-
Company Deposits	-	-	15⅛	15⅛	15⅛	15½
Finance House Deposits	-	-	15	15⅛	15¼	15¼
Treasury Bills (Buy)	-	-	14⅞	14⅞	-	-
Bank Bills (Buy)	-	-	14⅞	14⅞	14⅞	-
Fine Trade Bills (Buy)	-	-	15⅛	15⅛	14⅞	-
Dollar CDs	-	-	8.32	8.35	8.45	8.70
SDR Linked Dep. Offer	-	-	9	9¼	9¾	9½
SDR Linked Dep. Bid	-	-	8¾	9⅛	9¼	9¼
ECU Linked Dep. Offer	-	-	10⅞	11⅛	11½	11¾
ECU Linked Dep. Bid	-	-	10¾	11⅛	11¼	11⅝

Treasury Bills (sell); one-month 14⅞ per cent; three months 14⅞ per cent; Bank Bills (sell): one-month 14⅞ per cent; three months 14½ per cent; Treasury Bills: Average tender rate of discount 14.3421 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day February 28 1990. Agreed rates for period March 26 1990 to April 24, 1990, Scheme I: 15.87 p.c., Schemes II & III: 16.41 p.c. Reference rate for period Feb.1,1990 to February 28, 1990, Scheme IV&V: 15.141 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from March 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9,1989. Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100%

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
81	3-46	4-51	0-44	0-57
82	2-63	4-06	0-61	1-12
83	2-21	3-29	1-19	1-35
84	1-50	2-56	1-48	1-62
85	1-20	2-23	2-18	2-29
86	0-63	1-59	2-61	3-01
87	0-46	1-34	3-44	3-40
88	0-33	1-13	4-31	4-19

Estimated volume total, Calls 1455 Puts 1781
Previous day's open int. Calls 11772 Puts 7719

LIFFE US TREASURY BOND FUTURES OPTIONS $100,000 64ths of 100%

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
90	3-50	4-10	0-38	1-24
91	3-01	3-34	0-53	1-48
92	2-21	2-62	1-09	2-12
93	1-47	2-29	1-35	2-43
94	1-17	2-01	2-05	3-15
95	0-57	1-41	2-45	3-55
96	0-39	1-20	3-27	4-34
97	0-26	1-02	4-14	5-16

Estimated volume total, Calls 39 Puts 29
Previous day's open int. Calls 2135 Puts 2670

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100%

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
7950	2.74	3.60	0.99	1.85
8000	2.40	3.31	1.15	2.06
8050	2.10	3.04	1.35	2.29
8100	1.85	2.78	1.60	2.53
8150	1.64	2.54	1.89	2.79
8200	1.41	2.30	2.16	3.25
8250	1.20	2.10	2.45	3.35
8300	1.03	1.90	2.78	3.65

Estimated volume total, Calls 1730 Puts 1058
Previous day's open int. Calls 20798 Puts 18345

LIFFE EUROMARK OPTIONS DM1m points of 100%

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
9000	0.86	0.85	0.11	0.24
9025	0.66	0.68	0.16	0.32
9050	0.48	0.53	0.23	0.42
9075	0.32	0.40	0.32	0.54
9100	0.21	0.29	0.46	0.68
9125	0.13	0.20	0.63	0.84
9150	0.07	0.13	0.82	1.02
9175	0.04	0.09	1.04	1.23

Estimated volume total, Calls 115 Puts 450
Previous day's open int. Calls 580 Puts 1552

LIFFE EURODOLLAR OPTIONS $1m points of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
9075	0.85	0.83	0	0.04
9100	0.60	0.61	0	0.07
9125	0.36	0.42	0.01	0.13
9150	0.13	0.25	0.03	0.21
9175	0.03	0.13	0.18	0.34
9200	0.01	0.07	0.41	0.53
9225	0	0.03	0.65	0.74
9250	0	0.01	0.90	0.97

Estimated volume total, Calls 945 Puts 75
Previous day's open int. Calls 5915 Puts 7803

LIFFE SHORT STERLING OPTIONS £500,000 points of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
8400	0.82	1.00	0.02	0.05
8425	0.58	0.79	0.03	0.09
8450	0.36	0.60	0.06	0.15
8475	0.15	0.42	0.10	0.22
8500	0.04	0.26	0.24	0.31
8525	0.02	0.18	0.47	0.48
8550	0.01	0.12	0.71	0.67
8575	0	0.09	0.95	0.89

Estimated volume total, Calls 1869 Puts 2920
Previous day's open int. Calls 70340 Puts 39642

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev.
Mar	83-09	83-30	83-08	83-25
Jun	84-01	84-21	83-31	84-14
Sep	84-29			85-10

Estimated volume 22989 (29977)
Previous day's open int. 40865 (42377)

US TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev.
Mar	93-11	93-12	92-22	92-29
Jun	93-06	93-08	92-18	92-26
Sep	92-25			92-13

Estimated volume 2504 (4867)
Previous day's open int. 4017 (4613)

6% NOTIONAL GERMAN GOVT. BOND DM250,000 100ths of 100%

	Close	High	Low	Prev.
Mar	82.00	82.20	80.50	81.20
Jun	81.25	81.50	80.20	80.80
Sep	81.25	80.85	80.75	81.07

Estimated volume 46224 (49924)
Previous day's open int. 55537 (54164)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Mar	94.05	94.00	93.86	94.34
Jun	94.10	94.20	93.92	94.29
Sep				

Estimated volume 133 (344)
Previous day's open int. 1019 (1075)

THREE MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev.
Mar	84.88	84.86	84.80	84.86
Jun	84.95	85.05	84.94	85.05
Sep	85.32	85.45	85.32	85.46
Dec	85.71	85.86	85.70	85.87
Mar	86.15	86.30	86.15	86.31
Jun	86.62	86.75	86.62	86.76
Sep	87.06	87.19	87.07	87.20
Dec	87.40	87.51	87.41	87.53

Est. Vol. (inc. figs. not shown) 35390 (37058)
Previous day's open int. 159380 (160264)

THREE MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev.
Mar	91.60	91.60	91.58	91.61
Jun	91.54	91.54	91.50	91.53
Sep	91.44	91.44	91.40	91.43
Dec	91.24	91.23	91.20	91.23
Mar	91.14	91.12	91.10	91.13
Jun	91.01	91.05	90.97	91.01
Sep	90.95			90.95
Dec	90.85			90.85

Est. Vol. (inc. figs. not shown) 5245 (7492)
Previous day's open int. 42958 (43340)

THREE MONTH EUROMARK DM 1m points of 100%

	Close	High	Low	Prev.
Mar	91.36	91.40	91.27	91.34
Jun	90.75	90.76	90.63	90.73
Sep	90.61	90.64	90.53	90.62
Dec	90.59	90.60	90.55	90.62
Mar	90.71	90.72	90.67	90.71
Jun	90.81	90.76	90.76	90.80
Sep	90.95	90.97	90.93	90.97
Dec	91.00	91.02	91.00	90.96

Estimated volume 10143 (14118)
Previous day's open int. 57845 (55154)

THREE MONTH ECU ECU 1m points of 100%

	Close	High	Low	Prev.
Mar	88.74	88.75	88.69	88.73
Jun	88.46	88.47	88.40	88.45
Sep	88.48	88.50	88.46	88.52
Dec	88.66	88.70	88.70	88.71

Estimated volume 400 (426)
Previous day's open int. 3814 (3710)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev.
Mar	2261.5	2264.0	2251.0	2244.0
Jun	2303.0	2306.0	2294.0	2286.0
Sep	2349.5	2347.0	2347.0	2334.0

Estimated volume 2904 (4938)
Previous day's open int. 24777 (24727)

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6510	1.6417	1.6238	1.5980	1.5550

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Mar	1.6552	1.6546	1.6490	1.6576
Jun	1.6270	1.6330	1.6228	1.6308
Sep	-	1.6070	1.6060	1.6062

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev.
Mar	93-03	93-04	92-18	92-21
Jun	92-31	93-00	92-14	92-17
Sep	92-26	92-27	92-11	92-12
Dec	92-20	92-20	92-10	92-06
Mar	92-08	92-08	92-03	91-30
Jun	92-00	92-00	91-26	91-21
Sep	-	-	-	91-12
Dec	-	-	-	91-06
Mar	-	-	-	90-31
Jun	-	-	-	90-24
Sep	-	-	-	90-17

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev.
Mar	92.21	92.21	92.18	92.20
Jun	92.48	92.50	92.43	92.49
Sep	92.52	92.53	92.51	92.53
Dec	-	92.39	-	92.37
Mar	-	-	-	92.35

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Mar	0.6667	0.6670	0.6620	0.6617
Jun	0.6649	0.6653	0.6605	0.6601
Sep	-	0.6630	-	0.6583
Dec	-	-	-	0.6572

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

Strike Price	Calls Mar	Calls Apr	Calls May	Calls Jun	Puts Mar	Puts Apr	Puts May	Puts Jun
1.625	3.22	3.60	3.93	4.26	0.39	1.41	2.44	3.54
1.650	1.53	2.06	2.52	2.83	1.13	2.54	3.71	4.81
1.675	0.30	1.15	1.61	1.94	2.61	3.94	5.14	6.42
1.700	0.12	0.55	0.93	1.32	4.60	5.85	6.99	8.24
1.725	-	0.24	0.48	0.81	6.97	8.00	9.04	10.24
1.750	-	0.07	0.22	0.46	9.44	10.32	11.26	12.37
1.775	-	-	0.06	-	11.92	-	13.57	-

Previous day's open int: Calls 347,754 Puts 397,397 (All currencies)
Previous day's volume: Calls 30,566 Puts 59,461 (All currencies)

JAPANESE YEN (IMM) Y12.5m $ per Y100

	Latest	High	Low	Prev.
Mar	0.6688	0.6700	0.6676	0.6678
Jun	0.6702	0.6710	0.6691	0.6692
Sep	0.6708	0.6720	0.6708	0.6705

DEUTSCHE MARK (IMM) DM125,000 $ per DM

	Latest	High	Low	Prev.
Mar	0.5851	0.5856	0.5808	0.5813
Jun	0.5850	0.5850	0.5804	0.5808
Sep	0.5793	0.5793	0.5793	0.5793

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev.
Mar	91.58	91.59	91.56	91.59
Jun	91.53	91.54	91.49	91.50
Sep	91.42	91.43	91.39	91.40
Dec	91.22	91.24	91.20	91.21
Mar	91.12	91.14	91.10	91.12
Jun	90.99	91.01	90.98	91.00
Sep	90.95	90.98	90.94	90.96
Dec	90.85	90.88	90.84	90.87

STANDARD & POORS 500 INDEX $500 times index

	Latest	High	Low	Prev.
Mar	335.80	335.95	333.50	333.80
Jun	339.70	339.80	337.45	337.65
Sep	341.80	343.80	341.80	341.85

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

	Open	Close	Change	High	Low	Yield	Open int
March	97.70	97.96	-0.32	98.12	97.70	10.37	36,525
June	98.02	98.16	-0.32	98.30	98.00	10.33	45,117
September	98.02	98.30	-0.24	98.30	98.02	10.32	5,762
December	-	-	-	-	-	10.28	3,052

Estimated volume 81,265 Total Open Interest 90,456

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls June	Calls Sept.	Calls Dec.	Puts June	Puts Sept.	Puts Dec.
96	-	-	-	0.80	-	-
97	2.18	-	-	1.07	-	-
98	1.56	-	-	1.43	1.85	-
99	1.08	-	-	1.94	-	-
100	0.71	-	-	2.49	-	-
101	0.48	-	-	3.25	-	-
Open int	122,137	6,949	250	126,017	2,715	250

Estimated volume 30,632 Total Open Interest 258,318

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open int
March	89.04	89.05	-	89.08	89.02	10.95	8,644
June	88.89	88.96	+0.03	88.96	88.88	11.06	12,045
September	88.85	88.90	+0.02	88.91	88.84	11.11	3,387
December	88.82	88.84	+0.03	88.85	88.82	11.15	1,880

Estimated volume 6,415 Total Open Interest 25,956

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open int
March	1832.0	1845.0	+28.0	1854.0	1825.0	7,369
April	1825.0	1854.0	+22.5	1850.0	1833.0	621
May	1833.0	1850.0	+13.5	1834.0	1834.0	88
June	1834.0	1834.0	-	-	-	37

Estimated volume 4,345 Total Open Interest 8,115

BANK RETURN

BANKING DEPARTMENT	Wednesday February 28, 1990	Increase or decrease for week	
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	59,036,320	+	6,165,803
Bankers Deposits	1,668,961,592	-	66,573,688
Reserve and other Accounts	2,129,044,357	+	213,585,500
	3,871,595,269	+	152,177,615
ASSETS			
Government Securities	1,230,150,965	+	87,247,570
Advance and other Accounts	1,003,144,999	+	479,800,254
Premises Equipment & other Secs	1,629,010,292	-	414,430,063
Notes	9,075,564	-	420,658
Coin	213,449	-	19,488
	3,871,595,269	+	152,177,615
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,020,924,436	+	70,420,658
Notes in Banking Department	9,075,564	-	420,658
	15,030,000,000	+	70,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	10,009,525,135	-	529,404,709
Other Securities	5,009,459,765	+	599,404,709
	15,030,000,000	+	70,000,000

BASE LENDING RATES

	%		%		%
ABN Bank	15	Co-operative Bank	*15	NatWestminster	15
Adam & Company	15	Coutts & Co	15	Northern Bank Ltd	15
Allied Trust Bank	15	Cyprus Popular Bk	15	Norwich Gen. Trust	15
Allied Irish Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
● Henry Ansbacher	15	Duncan Lawrie	15	PRIVATbanken Limited	15
Associates Cap Corp	15½	Equatorial Bank plc	15	Provincial Bank PLC	16
● B & C Merchant Bank	15	Exeter Trust Ltd	15½	Roxburghe G'rantee	15½
Bank of Baroda	15	Financial & Gen. Bank	15	Royal Bk of Scotland	15
Banco Bilbao Vizcaya	15	First National Bank Plc	16½	Royal Trust Bank	15
Bank Hapoalim	15	● Robert Fleming & Co.	15	● Smith & Williamson Secs.	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	Standard Chartered	15
Bank of Cyprus	15	Girobank	15	TSB	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk	15	Westpac Bank Corp.	15
Benchmark Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk	15		
Clydesdale Bank	15	Midland Bank	15		
Comm.Bk.N.East	15	Mount Banking	15		
		Nat Bk. of Kuwait	15		

● Members of British Merchant Banking & Securities Houses Association. * Deposit now 5.9% Saverise 8.5%. Top Tier-£10,000+ instant access 12.8% ‡ Mortgage base rate. § Demand deposit 9%. Mortgage 15.2% - 15.95%

LONDON MARKETS

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Hampden H'care §...fin	1.6	May 29	1.5	2.1	2
Inoco §...fin	nil	-	0.225	nil	0.225
Lincat§...int	1.8†	Apr 20	1.5	-	4.6
Tor Investments...int	8‡	-	-	-	30
Waterf'd Wedgw'd...fin	nil	-	nil	nil	1.2♣

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ♣Irish currency throughout.‡ Second interim making 16p (8.25p) so far

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
§125	F.P.	-	128	123	ABI Leisure 10p	128		R4.7	3.3	4.9	8.4
-	F.P.	-	508	493	Abtrust New Euro. I.T.	498	+5	-	-	-	-
-	F.P.	-	1½	¼	‡Atlantic Res. Warrants	1½	+¼	-	-	-	-
100	F.P.	-	101	97	BZW Conv. Inv. Tst. 10p	98	-1	-	-	-	-
100	F.P.	-	97	93	Beta Global Emg. I.T.10p	93	-3	-	-	-	-
-	F.P.	-	28	23	Do. Warrants	24	-3	-	-	-	-
§42	F.P.	-	45	37	*Biocure 1p	41	+1	-	-	-	-
†	F.P.	-	300	300	*Chartwell Group £1	300		R1.0	-	0.4	-
†	F.P.	-	215	215	*Citybond Storage Serv.£1	215		-	-	-	-
-	F.P.	-	4¼	1	Courtwell Group Wrrnts.	2¼		-	-	-	-
-	F.P.	-	49	36	First Philipne. Inv. Tst.	37		-	-	-	-
-	F.P.	-	22	15	Do. Warrants	15		-	-	-	-
†	F.P.	-	560	525	Five Arrows Chile Fd	537	+5	-	-	-	-
†	F.P.	-	197	140	Do. Warrants	197	+47	-	-	-	-
$10.6	F.P.	-	644	584	GT Chile Fund Units	620	+21	-	-	-	-
$10.3	F.P.	-	620	572	Genesis Malaysia Maju 1c	620	+6	-	-	-	-
100	F.P.	-	99	98	German Inv. Tst.	98½		-	-	-	-
100	F.P.	-	100	99	Henderson Highland Tst.	99		Ka4.5	-	6.1	-
$100	F.P.	-	£66	£63	Hungarian Investment 1c	£66		-	-	-	-
§38	F.P.	-	43	38	*Image Store Hldgs. 10p	40		-	-	-	-
$10	F.P.	-	616	572	Malaysia Eq. Fd. 10c	590	+6	-	-	-	-
$10	F.P.	-	227	192	Do. Warrants 10c	197	+5	-	-	-	-
-	F.P.	-	508	500	Martin Currie Euro. I.T.	506		-	-	-	-
-	F.P.	-	35	22	Merlin Intl Green Wrnts	28		-	-	-	-
†	F.P.	-	188	160	Midlands Radio 10p	184	+1	4.5	1.4	3.3	17.9
§100	F.P.	-	103	98	‡Novalal 5p	98		-	-	-	-
$10.5	F.P.	-	600	550	Scottish Asian Inv Ptg 1c	570	+5	-	-	-	-
§25	F.P.	-	40	25	‡Storm Group 1p	34		-	-	-	54.8
†	F.P.	-	195	185	Sutton Dist. Water A 1p	185	-5	-	-	-	-
†	F.P.	-	138	128	Do. B 1p	131	+3	-	-	-	-
£2400	£1000	-	£1755	£1000	Water Package Units	£1675	+17	-	-	-	-
§70	F.P.	-	79	70	‡Wiltshire Brewery 5p	72		L1.5	-	2.8	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	117p	109p	BZW Conv. Inv Tst. Units '96-2002 5p	109p	
98.94	F.P.	-	99⅛	91⅛	British Inv. Tst. 11¼pc Sec. Db 2012	91⅛	
-	F.P.	-	85p	71p	Courtwell Group 10¾pc (Net) Cv.Cm.Pf	71p	
100¾p	F.P.	-	101½p	95p	Evered 11.25p Cm Rd Pf 2005 10p	99p	-1
100p	F.P.	-	98p	96p	Wyndham Group 9.375pc Cm.Pf	98p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price p	+ or -
25	Nil	4/4	6pm	3pm	Bullers	4pm	
120	Nil	-	13pm	¼pm	Cityvision 5p	1pm	-½
260	Nil	-	6pm	4pm	Electra Inv. Tst.	4pm	-1
8	Nil	-	4pm	1pm	*Int'l. Comm. & Data 5p	3½pm	+1½
5	Nil	27/3	1pm	¼pm	Lowndes Queensway 5p	¾pm	
130	Nil	-	26pm	21pm	‡Microlec	26pm	+1
85	Nil	-	10pm	4pm	MSM 10p	4pm	-½
100	Nil	-	14pm	14pm	Radiotrust	14pm	
200	Nil	-	70pm	59pm	Roxburgh	67pm	+9
127	Nil	6/3	47pm	12pm	‡Ross Group 10p	12pm	

a Annualised dividend.b Figures based on prospectus estimates.d Dividend rate paid or payable on part of capital, cover based on dividend on full capital.g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment.u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989.K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend,cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross.R Forecast annualised dividend,cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures.¶ Issued by tender.§ Offered to holders of ordinary shares as a "rights".† Introduction.§Placing price.†† Reintroduction. ‡ Unlisted securities market. * Third Market.

TRADITIONAL OPTIONS

- ● First Dealings — Feb 19
- ● Last Dealings — March 2
- ● Last Declarations — May 24
- ● For settlement — June 4

For rate indications see end of London Share Service

Calls in De La Rue, Kwik-Fit and Richmond Oil & Gas. Put in Cowie (T).

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

Corporation and County Stocks
No. of bargains included 10

London County 2½% Cons Stk 1920(or after) - £24 (26Fe90)
Greater London Council 6¾% Stk 90/92 - £87 8¾
Birmingham Corp 3% Stk 1947(or after) - £23♦
Blackburn Corp 3½% Ird Stk - £28 (27Fe90)

Banks and Discount Companies
No. of bargains included 2188

Ansbacher(Henry)Hldgs PLC 8% Cnv Subord Ln Stk 1998 - £70 (27Fe90)
Australia & New Zealand Banking Gp New $A1(50% Pd&Rkg 50% Div Till 30/9/90) - 155 (27Fe90)
Bank of Ireland(Governor & Co of)7% Ln Stk 86/91 - £88

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

Sterling Issues by Overseas Borrowers

Breweries and Distilleries

Registered Housing Associations

Commercial, Industrial, etc

Financial Trusts, Land, etc

Unit Trusts

Mines - Miscellaneous

Mines - South African

Oil

Property

Insurance

Investment Trusts

Plantations

Shipping

Utilities

Water

Miscellaneous Warrants

USM Appendix

The Third Market Appendix

Rule 535(2)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Associated Manganese Mines of SA $71 (26/2)
Aust. Foundation Inv 68
Aust. Oil & Gas A$0.78♦ (28/2)
Churchill Resources 1.5 (27/2)
City Developments £1.0875,S$3.44097
Cons. Modderfontein 67♦59,R3.95
Darty FR760
Harland (John H) Co $22.25 (27/2)
Int. Mining A$0.039 (23/2)
Kulim Malaysia Ord 40
Magnum Resources A$2.508 (23/2)
Malaysian Plantations 30♦ M$1.6 (28/2)
Mogul Mining A$0.099,0.10 (26/2)
Mount Martin Gold Mines 23♦ (26/2)
National Electronics (Consolidated) 3,3.5,4
Nixdorf Computers DM266.5 (27/2)
North Flinders Mines A$3.1752
Oceaneering Int. $10⅞♦ (26/2)
Oil Search 28,35
Oilmet 1046
Overseas Chinese Banking Corp S$12.6
Palabora Mining $15.45,15.625,15.75 (26/2)
Samantha Expln. 40♦ (23/2)
Sappi Ltd R38.5♦
Selangor Coconuts M$2.2 (27/2)
Selangor Properties S$1.62496 (26/2)
Singapore Land S$14.7565♦ (27/2)
Southwest Gold mines 1 (27/2)
Strategic Minerals Corp A$0.43♦ (28/2)
Sun Electric Corp 905 (23/2)
Terrex Res. 1.75 (28/2)
United Overseas Land S$2.13 (23/2)
Vam A$0.17429 (23/2)
Vamgas A$2.5603♦ (27/2)
Westfort Petroleum 3 (26/2)
Westralian Sands A$3.4 (26/2)
Wharf Hldgs HK$7.4146,7.45 (27/2)
Wong Indl. HK$1.22579 (26/2)
Woolitra Ord $13.25 (27/2)
Zanex 0.25♦0.2813

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Little confidence behind equity rise

THE MOOD on the UK stock market at the close of yesterday's trading session was a shade less confident than the day's gains on major market indexes might have suggested. A fall in sterling late in the day, and a renewal of the slide in UK Government bonds, failed to upset share prices which preferred to concentrate on the firm opening on Wall Street. Equities also seemed unaffected by hints that another major securities firm was taking the axe to its trading operations.

The final reading showed the FT-SE Index with a gain of 16.4 at 2,254.8, a modest advance into the trading range apparently re-established earlier in the week. The first week of the new equity trading account has seen a cautious rally of 18 points from the near 90 Footsie point fall of the previous week.

Account Dealing Dates		
*First Dealings:		
Feb 12	Feb 26	Mar 12
Option Declarations:		
Feb 22	Mar 8	Mar 22
Last Dealings:		
Feb 23	Mar 9	Mar 23
Account Day:		
Mar 5	Mar 19	Apr 2

*New time dealings may take place from 9.00 am two business days earlier

Analysts contrasted the rise in the market yesterday with signs of a deterioration in confidence as the bond and currency sectors turned increasingly bearish on this week's announcement of a £1.9bn current account deficit on UK trade in January. Also causing disquiet yesterday was growing concern over the latest UK public opinion polls showing an 18.5 per cent lead for Britain's Labour Party against the Conservative Government amid widespread protest over changes in local taxation.

These discouraging factors did not surface until the end of the day, however, and equities benefited initially from the more encouraging trend overnight in the New York and Tokyo markets. Also helping the market was the news, soon after the opening, that Smith New Court, one of the most aggressive UK marketmaking firms, had taken aboard and quickly resold the 23 per cent stake (87m shares) in Scottish & Newcastle, the UK brewer, held by Elders IXL. The shares were snapped up within a few minutes by a wide range of institutions, confirming yet again the weight of cash available for suitable equity investments.

The Scottish & Newcastle trade, double-counted for Seaq purposes, distorted the day's volume total of 542m shares. Excluding this deal, Seaq volume would have totalled 368m shares compared with 379.5m in the previous session. The persistently low level of equity business is dealing further blows to the UK securities trading community. Yesterday's hints of further rationalisation moves involved the UK arm of a leading international house.

Equities remained cautious as the market towards the second week of the trading account. Nomura Research remains prominent among the bulls of the London market, while Kleinwort Benson has advised selling UK equities in expectation of a fall to the FT-SE 2,000 area, warning that world bond markets are sending out storm warnings.

FINANCIAL TIMES STOCK INDICES

	Mar 2	Mar 1	Feb 28	Feb 27	Feb 26	Year Ago	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
Government Secs	78.60	78.90	79.75	80.39	80.26	88.39	89.29 (8/2/89)	78.90 (1/3/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	88.64	88.69	89.31	89.41	89.35	98.94	99.59 (15/3/89)	88.69 (1/3/90)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1774.2	1764.9	1781.4	1781.5	1776.1	1697.5	2008.6 (6/9/89)	1447.8 (3/1/89)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	283.5	287.6	287.7	284.7	284.2	171.9	378.5 (6/2/90)	164.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2254.8	2238.4	2255.4	2254.8	2249.3	2059.2	2643.7 (3/1/90)	1782.8 (3/1/89)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	4.95	4.97	4.91	4.89	4.91	4.42				
Earning Yld %(full)	11.70	11.76	11.66	11.62	11.67	10.81				
P/E Ratio(Net)(*)	10.34	10.29	10.38	10.43	10.38	11.19				
SEAQ Bargains(5pm)	21,915	21,303	22,323	22,246	24,212	33,441				
Equity Turnover(£m)†	-	742.00	610.69	623.47	577.51	1442.38				
Equity Bargains†	-	22,270	22,336	22,441	24,880	37,178				
Shares Traded (ml)†	-	334.0	305.6	315.1	288.7	586.3				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83. * Nil 10.29

Ordinary Share Index, Hourly changes — Day's High 1777.0 — Day's Low 1767.3

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1767.3	1771.2	1773.8	1773.8	1774.9	1775.4	1774.2	1773.6

FT-SE, Hourly changes — Day's High 2255.9 — Day's Low 2240.6

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2240.6	2247.1	2252.7	2251.2	2251.6	2252.6	2253.7	2254.0

GILT EDGED ACTIVITY

Indices*	Mar 1	Feb 28
Gilt Edged Bargains	87.1	94.3
5 – Day average	78.9	76.8

*SE Activity 1974. †Excluding Intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.
London report and latest Share Index: Tel. 0898 123001.

Elders sells S & N

The 23 per cent stake in Scottish & Newcastle held by Australian group Elders IXL was placed in the market, following months of speculation.

Smith New Court yesterday bought 87m Scottish shares and sold them in the space of 15 minutes to a small number of investment institutions. By the end of the session, analysts were suggesting that one of those institutions would end up with more than 10 per cent of Scottish.

Researchers agreed that the shares would probably spend a few weeks in the doldrums, although their tone differed. Mr Mike McCarthy of Smith said the company was now free to focus on its long term activities. He changed his recommendation from sell to hold, as did Mr Neill Junor of County NatWest WoodMac who acknowledged that the stock looked cheap without any bid premium, but said: "I can't see it getting less cheap; it is the lowest quality stock in the sector." A third analyst took the middle road, saying the stock was 10 to 15 per cent too cheap in the longer term.

Scottish finished the day 9 down at 301p. Turnover was 176m shares, all but 2m of which was accounted for in the placing because Seaq double counts deals.

Waterford stake

Shares in Waterford Wedgwood, the troubled glass and china company, firmed 2 to 47p on the news that Investco, a new company created by a partnership between Morgan Stanley and Fitzwilton, headed by Mr Tony O'Reilly, the Irish businessman who is also head of Heinz in the US, was to take a 29.9 per cent stake in Waterford.

Investco is to pay IR£79.5m (£74m) for its stake and is to take it up by way of with 212m newly-issued Waterford shares at 37.5 Irish pence. Waterford also plans to raise IR£22.8m through a rights issue. The announcement came with the release of the company's full year results to December 1989 showing a loss of IR£20.6m.

Turnover was reported to have been healthy, the bulk of trading being done in the Dublin market. One analyst said of the rise in the share price: "The market is relieved that this move has finally come." He added, however, that it was unlikely Waterford would return to profit in 1990, but he was more hopeful for 1991.

The recent bout of weakness in Burmah and Calor was checked and both share prices rebounded after support from Smith New Court. Profit downgrades have hit both share prices recently while Calor has also suffered from the unusually mild winter.

But selling of Burmah has been overdone, according to Mr Christopher Grudniewicz of the Smith New Court oil team. "Historically Burmah have always been worth buying when they get down to a market p/e – and they were virtually that today; we think they should trade at a premium of around 5 per cent to the market," said Mr Grudniewicz.

He also highlighted the possibility that SHV, the privately-owned Dutch group, might return to the market to add to its 9.1 per cent stake, and that Burmah might soon place its 29.8 per cent stake in Premier, a move which, according to Smith, would improve Burmah's earnings per share by between 8 and 10 per cent.

Burmah ended a net 17 higher at 615p while Calor, in which SHV has a 44 per cent stake, rallied 9 to 311p.

Composite insurance stocks, battered in midweek by poor results from General Accident and Royal Insurance, fell further but were now, according to one dealer "drifting into buying territory."

There was no shortage of firm features in the oil and gas sector. It shrugged off a decline in crude oil prices as analysts said oil prices were continuing to slip back from their US cold weather-induced peaks of December/January. Additionally OPEC was said to be maintaining its output at a figure of 23m barrels a day.

The oil majors and British Gas benefited, dealers said, as the latter is "viewed as a utility with virtually guaranteed dividend growth, they have obvious long-term attractions for fund managers," said one analyst. There was also some heavy buying of the traded options – equivalent to 6.3m Gas shares – apparently carried out by Hoare Govett. The newly-installed oil and gas team at Laing & Cruikshank was also pushing the shares. At the close Gas were 5½ higher at 223p on keen turnover of 8.2m.

BP moved up 4 to 340p, albeit in thin trade of 3.9m, while Shell edged up 7 to 457p on 2.1m shares. Hardy Oil & Gas extended Thursday's strong performance, prompted by a lunch with one of the City of London's top-rated oil teams and buy recommendations issued by at least two securities houses. Drilling news from Hardy's Octavius well in the Timor Sea operations is expected within three weeks. Hardy put on 2 to 198p, for a week's rise of 14.

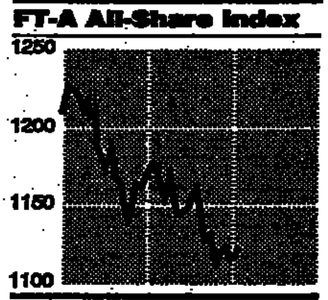
Exploration Company of Louisiana, a poor market in recent weeks, jumped 23 to 255p on speculation that Exxon had made a substantial gas discovery adjacent to Exco Louis's acreage in Louisiana.

Turnover in Hanson swelled to 13m as institutions which had not held convertibles, which were converted to shares in the second half of the week, topped up their holdings. Hanson rose 6¼ to 228½p.

Unigate, unchanged at 268p on 555,000, again attracted interest in an otherwise dormant foods sector. Suggestions of a downgrading from a leading UK securities house and talk that Unigate could be poised to dispose of part of its vehicle division prompted speculative interest. Dalgety added 3 to 380p on consistent buying. Unilever rebounded 7 to 629p on an absence of sellers. Dealers said its better-than-expected final results announced earlier in the week continued to underpin the market. In addition, sterling's weaker tone against the D-Mark lent support. Hillsdown continued firm, adding 1¼ to 262p.

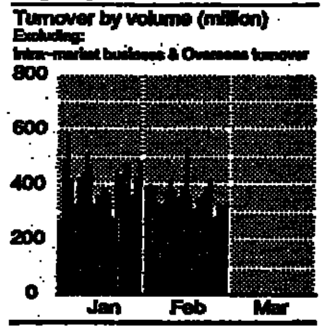
A cautious trading statement from Fine Arts Developments followed several brokers' downgradings. The shares shed another 11 to 219p, although this was 3 above the worst of the day.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



The water stocks performed well with dealers noting strong institutional buying in a handful of the issues after a meeting between water industry chiefs and institutions at BZW on Thursday evening. Fund managers were believed to have been given a message of strong dividend growth by South West Water and North West Water which tended to outperform most of the water issues yesterday. North West added 4 at 162¼ on turnover of 4.8m while South West rose 3 to 192p.

Yorkshire, up 5 at 194p, and Southern, 2 firmer at 152p, were said to have given reassuring signals to the institutions too. BZW expects further outperformance from the sector, but the County NatWest team recommends clients to sell Severn Trent and Thames and a switch out of Yorkshire into Southern.

A profit downgrading from analysts at Kleinwort Benson left Granada 10 lower at 298p. The broker cuts its forecast for the current year's profits from £175m to £160m, compared with last year's £164m. Trouble spots identified by the analysts included the effects of the economic slowdown on motorway services stations and bingo. They also criticised some of Granada's investment decisions in the light of the annual report out last week – Granada paid £106m for computer services company DPCE, for example, but has written off £127m.

Ladbroke climbed 5 to 298p ahead of finals on March 8, while Trusthouse Forte slipped a penny to 268p still on concern over what might happen to the value of its hotels as buyers are sought for two hotel chains put up for sale by Bass and Allied Lyons. These two continued their recent weakness, with Bass off 4 at 959p and Allied 2 cheaper at 442p.

Away from Scottish and Newcastle, Grand Metropolitan dominated trading among brewers. Word quickly spread of a long line of stock on offer in the market; by the end of the session analysts were convinced that 750,000 shares had been sold through a leading agency broker. GrandMet closed 13 down at 547p.

Sentiment was also hurt by cautious press comment and a story, said to have emanated from Australia, that GrandMet was preparing to take a 10 per cent stake in Elders IXL.

Shares in Chemoxy, the chemicals manufacturer raced forward on the news of a recommended white knight bid from Suter, the industrial holding company.

The shares quickly added 48 to reach the 450p a share cash price (with a loan note alternative) of the offer. Suter's offer values Chemoxy at £13.5m, a figure above the £12m offered by MTM when it launched its bid for Chemoxy in February.

Turnover at 102 thousand shares was low. A block of 26.55 per cent thought to belong to Chemoxy directors was pledged to Suter on announcement of the bid, which dealers expect to succeed.

Shares in Suter having gained 3 to 133p retreated to close 2 down at 128p on announcement of the bid. Shortly after that announcement Suter released full year figures for the year to December 1989. The figures revealed a fall in profits from £39m the previous year, to £34.8m.

MTM, up 5 at 220p, continued to be lifted by the 41 per cent increase in profits announced on Thursday. After the market closed MTM said it was it would allow its offer for Chemoxy to lapse.

The news that ICI was planning to lift the share of group turnover being made in the Far East from the current 8 per cent to 20 per cent by the late 1990s was appreciated by the market. The shares closed 16 up at 1077p with the share price continuing to be supported by a stock shortage and impending dividend payment.

Hartwell, the subject of a £172.4m bid from the Jameel Group, closed unchanged at 156p in trade of 257,000 shares. Two blocks of shares were said to have gone through the market at 155½p, just above the 155p a share price of the bid.

Overseas buyers made British Steel a firm market. The shares added 3 to 139p, on turnover of 9.4m shares. TI rose 4 to 436p, with S.G. Warburg reported to have been recommending the stock. Shares in Sketchley took a tumble, closing a net 98p weaker at 251p as the combined news of the company's poor profits forecast made on Thursday, and the withdrawal of the £126m Godfrey Davis bid after Thursday's market close took effect.

Cable & Wireless maintained Thursday's good form, advancing a further 13 to 541p on a mixture of US buying interest, switching out of British Telecom, and ahead of news expected next week that CITIC, the Chinese Government's investment agency, has acquired a 20 per cent stake in Hong Kong Telecom; CITIC is expected to buy a 16.5 per cent stake in HK Telecom from C & W.

The switching operation, said to have been recommended by the Smith New Court telecoms/electronics team, and the "political factor", left British Telecom 3½ down at 293p.

Hopes of a sponsored ADR facility and buying ahead of a presentation on March 7, at which Vodafone is to celebrate 500,000 customers, boosted the Racal twins; Telecom rose 9 to 385p and Electronics 5 to 224p.

British Land added 9 to 353p on persistent buying at the lower levels. "Marketmakers appear unwilling to take large positions and this is pushing the price up whenever any buyers appear," one analyst said. Land Securities gained 7 at 477p on signs that investors were switching from its convertible bonds into stock. Rosehaugh nil paid were popular as the shares rose 7 higher to 267p.

A recommendation in a US newspaper for Reuters combined with a positive presentation on the stock at Henderson Crosthwaite underpinned the market. The shares closed at the day's best of 1055p, up 10 in good turnover of 1m shares.

■Other Market statistics, including the FT-Actuaries Share Index, Page 9. Traded options Page 11.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	2,300	192	+2
ASDA Group	1,500	110	+1½
Abbey National	1,800	186½	+½
Allied-Lyons	1,000	442	-2
Amstrad	927	60½	+1½
Argyll Group	1,500	210	+1
Ass. Brit. Foods	286	367	
BAA	611	398	+1
BAT Inds.	1,050	803	+15
BET	2,100	225	+4
BICC	581	403	+5
BOC	130	523	+3
BPB Inds.	630	229	+4
BTR	2,200	412	+3
Barclays	2,500	580	
Bass	700	959	-4
Beazer	342	145	+1
Berisford Int.	618	117	
Blue Arrow	486	87	+1
Blue Circle	408	226	+4
Boots	2,100	264	+2
Brit. & Comm.	3,300	54	
Brit. Aerospace	211	586	+8
British Airways	1,500	187	+2
British Gas	8,200	223	+3½
British Land	129	353	+9
BP	3,900	340	+4
British Steel	9,480	139	+3½
British Telecom	5,000	293	-3½
Bunzl	476	169½	+½
Burmah Oil	814	615	+17
Burton	1,600	179	+2
Cable & Wire.	1,500	541	+13
Cadburys	580	314	
Calor Group	104	311	+9
Carlton Comms.	489	742	+8
Coats Viyella	1,600	130½	-½

	Volume 000's	Closing Price	Day's change
Comm. Union	801	473	-1
Cookson	513	221	+2
Courtaulds	355	362	-1
Dalgety	383	380	+3
Dixons	1,400	129	
Eng. China Clays	85	380	
Enterprise Oil	245	620	+4
FKI	1,290	61	
Ferranti	2,800	40½	+½
Fisons	255	323	+3
Gen. Accident	328	1030	-7
General Elect.	886	216	+1
Glaxo	1,400	885	+1
Globe Inv.	1,600	172½	+3½
Glynwed Int.	518	229	
Granada	1,800	298	-10
Grand Met.	3,300	547	-13
GUS A	81	1008	+3
GRE	1,000	228	-3
GKN	627	365	+3
Guinness	651	654	
Hammerson 'A'	39	688	+4
Hanson	13,000	228½	+6½
Hanson Warrants	731	58	+2
Harrisons Cros.	322	147	
Hawker Sidd.	220	615	
Hillsdown	1,500	262	+1½
IMI	88	212	+1
ICI	1,300	1077	+16
Inchcape	89	290	
Kingfisher	170	284	+1
Ladbroke	1,000	298	+5
Land Securities	627	477	+7
Laporte	248	498	+5
Legal & General	2,500	373	+2
Lloyds Abbey	1,100	307	+5
Lloyds Bank	2,800	289	+2

	Volume 000's	Closing Price	Day's change
LASMO	586	618	+1
Lonrho	2,500	279	+1
Lucas	277	580	+3
MB Group	284	203	
MEPC	111	485	+4
Marks & Spencer	4,100	205	-1
Maxwell Comm.	432	200	+1
Mecca Leisure	174	148	+2
Midland Bank	1,100	331	
NatWest Bank	2,100	352	-2
Next	424	105	
Northern Foods	28	298	-2
Pearson	97	701	+4
P & O	218	606	+5
Pilkington	1,000	205	+1
Polly Peck Intl.	178	380	-1
Prudential	1,200	203	+1
RHM	184	322	+3
RMC	249	690	+8
RTZ	1,200	513	+7
Racal	3,100	224	+5
Racal Telecom	300	385	+9
Rank Org.	236	772	+13
Reckitt & Colman	124	1145	+21
Redland	250	531	+5
Reed Intl.	1,200	395	
Reuters	1,000	1055	+10
Rolls Royce	2,100	170	+1
Rothmans	447	619	+5
Ryl Bk Scotland	149	191	
Royal Insurance	1,330	453	
STC	1,000	250	+2
Saatchi	1,400	146	-4
Sainsbury	825	264	+2
Scottish & New.	176	301	-9
Sears	1,300	102	
Sedgwick	145	264	+2

	Volume 000's	Closing Price	Day's change
Shell Transport	2,100	457	+7
Siebe	206	423	+6
Slough Ests	746	289	-4
Smith (W.H.) A	544	390	
Smith & Nephew	1,100	119	+2
SmKl Beecham	1,500	524	+10
SmKl Beecham Units	19	2418	+48
Smiths Inds.	395	238	+3
Standard Chartd.	783	574	+11
Storehouse	621	117	+½
Sun Alliance	1,100	388	-3
Sun Life	28	1178	-10
T&N	167	190	
TI Group	382	436	+4
TSB	3,400	135½	+½
Tarmac	558	223	+3
Tate & Lyle	1,400	304	-1
Taylor Woodrow	64	298	+3
Tesco	860	199	
Thames Water	1,400	163½	+2
THORN EMI	451	691	+11
Trafalgar House	1,900	326	+4
Trusthouse Forte	2,700	268	-1
Ultramar	537	367	+3
Unigate	555	268	
Unilever	486	629	+7
United Biscuits	850	334	+3
Utd. Newspapers	57	361	
Wellcome	880	671	+1
Whitbread 'A'	440	384	+1
Williams Hldgs.	1,300	254	+6
Wills Faber	278	260	-1
Wimpey	140	236	+1

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

NEW HIGHS AND LOWS FOR 1989/90

NEW HIGHS (18).
BRITISH FUNDS (1) AMERICANS (3) CHEMICALS (1) ELECTRICALS (1) ENGINEERING (2) FOODS (1) INDUSTRIALS (2) Baris, Eurocopy, TRANSPORT (1) TRUSTS (2) WATER (1) OVERSEAS TRADERS (2) MINES (1).
NEW LOWS (155).
BRITISH FUNDS (71) INT.BANK & O'SEAS GOVT. STLG. ISSUES (2) FOREIGN BONDS (3) CANADIANS (1) BANKS (3) BREWERS (1) BUILDINGS (8) STORES (2) ELECTRICALS (4) ENGINEERING (4) FOODS (3) HOTELS (1) INDUSTRIALS (13) Aaronson Bros., Charter Cons., Elsco, Erskine House 7¼pc PL, IWP Intl., J.S. Pathology, Marling Inds., Porth, Ropner "A", Sketchley, Third Mile Inv., Worcester, Young (H.), INSURANCE (1) LEISURE (4) MOTORS (3) NEWSPAPERS (1) PAPERS (4) PROPERTY (10) SHOES (1) TEXTILES (2) TRANSPORT (1) TRUSTS (7) WATER (2) OILS (2) OVERSEAS TRADERS (1) MINES (1) THIRD MARKET (3).

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	10	81	5	171	264	51
Corps. Dom. & Foreign Bonds	2	8	16	19	27	84
Industrials	365	264	967	1,536	1,874	4,572
Financial and Props	173	112	418	786	952	1,761
Oils	45	11	36	136	126	198
Plantations	1	1	8	7	8	37
Mines	37	16	105	201	193	396
Others	113	37	112	364	224	703
Totals	746	530	1,668	3,222	3,666	7,802

LEADERS AND LAGGARDS

Percentage changes since December 29 1989 based on Thursday March 1 1990

Water	+ 2.85	Financial Group	- 7.70
Merchant Banks	+ 1.14	Brewers and Distillers	- 8.33
Packaging & Paper	- 0.40	Consumer Group	- 8.63
Agencies	- 1.89	Capital Goods	- 9.05
Banks	- 1.92	Contracting,Construction	- 9.48
Food Retailing	- 2.11	Motors	- 9.75
Metals & Metal Forming	- 2.53	Building Materials	- 10.19
Stores	- 3.64	Food Manufacturing	- 10.46
Electronics	- 3.64	Leisure	- 10.81
Telephone Networks	- 4.20	Insurance(Brokers)	- 10.86
Transport	- 4.44	Property	- 11.00
Other Groups	- 4.56	Publishing & Printing	- 11.80
Conglomerates	- 5.12	Investment Trusts	- 11.88
Oil & Gas	- 5.66	Insurance(Life)	- 11.97
Chemicals	- 5.80	Electricals	- 12.06
Engineering-General	- 6.04	Other Industrial Materials	- 12.39
Textiles	- 6.86	Health & Household Products	- 12.49
Gold Mines Index	- 6.96	Engineering-Aerospace	- 14.18
500 Share Index	- 7.23	Insurance(Composite)	- 14.98
Industrial Group	- 7.49	Overseas Traders	- 15.39
All Share Index	- 7.51		

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	92-15	-8/32	12.99	12.59	12.14
		10.500	5/99	91-23	-16/32	11.99	11.58	11.19
		9.000	10/08	84-14	-17/32	10.96	10.63	10.27
US TREASURY *		8.500	02/00	99-26	+12/26	8.53	8.55	8.41
		8.500	02/20	99-19	+25/32	8.54	8.58	8.43
JAPAN	No 119	4.600	6/99	86.8723	-0.236	7.15	6.90	6.68
	No 2	5.700	3/07	91.3864	-0.653	6.79	6.45	6.43
GERMANY		7.125	12/99	87.7500	-0.950	9.05	8.71	7.68
FRANCE	BTAN	8.000	10/94	89.9903	-0.150	10.84	10.75	10.34
	OAT	8.125	5/99	87.5000	-	10.27	10.08	9.66
CANADA *		9.250	12/99	91.6250	+0.125	10.65	10.51	10.02
NETHERLANDS		7.500	11/99	89.5700	-0.490	9.15	8.96	8.31
AUSTRALIA		12.000	7/99	91.7936	-0.740	13.56	13.28	12.77

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Early spring for cocoa and coffee

SPRING appears to have come early to the cocoa and coffee markets, while gold has lost all its sparkle.

After months of desultory trading, cocoa broke upwards on Wednesday with a rise of £24 to £674 for the May contract on the London Futures and Options Exchange (Fox). Yesterday the momentum of the week continued, taking May cocoa above £700 a tonne for the first time since early last November. It closed at £712 a tonne, a rise of £57 on the week and £90 above the 14-year low of £622 struck on February 8.

The fundamental factor of oversupply has not gone away, but sentiment has changed, helped by political unrest in the Ivory Coast, the world's biggest producer, which is also now believed to have sold most of its current crop cocoa.

Mr Tony Chadwick, of Prudential Bache, said the market had been over-discounting the fundamentals, and that the price had been too low for too long.

"The surplus is coming down because consumption is proceeding so well," he said earlier this week. "Everyone has been putting the consumption figures up, but in my opinion they have not been putting them up high enough."

Coffee prices also rose strongly in London yesterday on the back of a strong overnight rise in the New York arabica contract fuelled by fears that some dealers might have defaulted on delivery commitments.

In addition, markets were helped by the probability that Mexico would have to import 500,000 bags (60 kgs each) this year to maintain production at its decaffeinated coffee plants.

May robusta coffee on London Fox closed last night at £675 a tonne, a rise of £31 on the day and £57 on the week, and £118 above the 14-year low struck on February 6.

Earlier in the week the coffee market was flat following the early end of a meeting between "other milds", Colombia and the US, the biggest consumer, in Guatemala City. The meeting was intended to pave the way for a replacement for the International Coffee Organisation's export quota system, but nothing positive emerged.

Meanwhile, gold has drifted lower all week, closing on the London bullion market last night at $403.50 a troy ounce, down $4.25 on the day and $12.50 on the week.

The continuing failure of the market to breach decisively the $420 an ounce level appears to have left both the London and New York markets uncertain over what is going to happen next. Speculators have certainly been disappointed.

Mr Andy Smith, precious metals analyst with UBS Phillips & Drew, said yesterday that the Japanese had taken their profits on gold at the beginning of the week after the sharp fall on the Tokyo stock market, when the yen fell steeply against the dollar.

This Far Eastern disinvestment was followed by calm in the world stock markets, so gold lost both ways, he said. It could go down to $394 next week – the next support level – before resuming its upward trend.

Ms Rhona O'Connell, analyst with Shearson Lehman Hutton, said earlier in the week that gold would not fall much lower "because nobody in his right mind would go short at the moment."

On the London Metal Exchange, the unexpected star performer has been nickel, which closed yesterday at $8,675 a tonne, a rise of $900 on the week.

Most of the rise came on Thursday, when the metal jumped by $700 a tonne, or more than 9 per cent – the biggest one-day movement since April last year.

Mr Jim Lennon, of Shearson Lehman Hutton, said European stainless steel mills had recently scrambled to buy nickel to lock into the relatively low prices. This had prompted short-covering from traders. But analysts, surprised by the surge, generally agreed that the price would resume its downward momentum before long.

Copper also performed strongly this week, rising by £115 a tonne to £1,546. Yesterday's rise of £45.50 a tonne reflected continuing concern about the tightness of nearby supplies on Comex, and expectations of a further drawdown in LME warehouse stocks. This week they fell by 4,950 tonnes to 83,350 tonnes, the lowest level for six months.

Lead continued last week's strong performance, adding £53.50 to close yesterday at £568.50 a tonne. The premium for cash metal over three-month, which widened to £120 a tonne yesterday and compares with £83.50 last Friday, arises from continuing tightness of nearby replies.

David Blackwell

APPOINTMENTS

New role at Post Office

■ Mr Ken Young has been appointed to the new post of full-time deputy chairman of THE POST OFFICE. Mr Young, currently Post Office vice chairman and board member for personnel and corporate resources, will now play a much wider ranging role in assisting Sir Bryan Nicholson, the chairman, more directly in the overall management of the corporation.

■ Mr Edward Whittingdale has been appointed European fund manager of CANNON LINCOLN INVESTMENT MANAGEMENT, UK arm of Lincoln National Corp, US. He was director, European funds, at Abbey Life.

■ Mr James Watson has been elected to succeed Sir Peter Thompson as chairman of NFC from January 1, 1991. Sir Peter is retiring at the end of the year.

■ CIGNA INSURANCE COMPANY OF EUROPE, London, has appointed Mr Bruce Maley as director of the new marketing and strategic planning department. He was head of the marine underwriting department.

■ Mr Wayne Gowen has been appointed managing director of US WEST CABLE COMMUNICATIONS, Woking, and vice president of the cable communications division.

■ Mr Nicholas Glinsman and Mr Paolo Restaino have been appointed vice presidents of SALOMON BROTHERS INTERNATIONAL from March 2. Both were previously with Merrill Lynch International.

■ Mr Esmond Hamilton, chief accountant, has been promoted to finance director of THE INSTITUTION OF MECHANICAL ENGINEERS.

■ At STORMGUARD Mr Paul Knott is joining the company as group finance director on March 5. He comes from KPMG Peat Marwick McLintock where he worked closely with Stormguard as audit manager. Mr Geoffrey Moyse, group finance director since August 1987, has been appointed to the new role of group commercial director.

■ Mr Charles Wightman has been appointed group managing director of WALKER GREENBANK.

■ HONEYWELL has appointed Mr Martin Kruger to the new post of director of quality. He joins from ICL where he was responsible for strategic planning and co-ordination of the direction and support of the ICL quality improvement process.

■ LEGAL & TRADE COLLECTIONS, a consumer debt recovery company, has appointed two new directors to its board. Mr Brian Hodson, general manager, becomes field director and Mr Anselm Bassano, formerly a group consultant, operations director.

■ Mr Robert Sperring has been appointed chairman of SOUTHERN RADIO HOLDINGS (principal subsidiaries: Southern Sound and Ocean Sound). Mr David Lucas becomes chief executive, and Mr Michael Franklin financial controller.

■ Mr Richard Green, Mr Richard Naylor and Mr Trevor Rhodes have been appointed to the board of PROCTOR BROS, Newport, Gwent.

■ Mr Stuart Anderson (*pictured*) has been appointed chief executive of the combined European operations of Del Monte Tropical Fruit Company and the POLLY PECK food division. He was with Wilkinson Sword and Franklin Mint.

■ Mr David Quayle is rejoining the board TVS ENTERTAINMENT as a non-executive director. He is chairman of Cityvision, and was a founder of B & Q, the DIY group sold to Woolworth in 1980. He was with TVS when it won the ITV franchise for the south and south-east.

■ ASTRA HOLDINGS has appointed Mr Peter Collins as group financial director (designate), Mr Michael Duda as group treasurer, and Mr Jim Miller as group operations director.

■ OCEAN GROUP has appointed Mr David Riddle as managing director of Ocean Environmental's European businesses. He was managing director of Cory Towage.

■ Mr Stephen Goldman has joined J.P. MORGAN INVESTMENT MANAGEMENT as head of UK equity investment. He was a director and head of UK equity research at Rothschild Asset Management.

■ JACOBS ISLAND COMPANY has appointed Mr Denis Ryan as commercial director.

■ Three analysts are joining COUNTY NATWEST: Mr Chris Tinker, comes from UBS Philips & Drew to be a European economist; Mr Fergus McLeod comes from Barclays de Zoete Wedd to cover the oil sector from Edinburgh; and Mr John Mozley, also from BZW, to cover the food manufacturing sector.

■ Mr Paul Staden has been appointed finance director of QUEENS MOAT PROPERTY GROUP.

■ Mr D. Nick Reilly (*pictured*) has been appointed manufacturing director at VAUXHALL MOTORS' Ellesmere Port plant, succeeding Mr Alan J. Jones who has left the company. Mr Reilly was vice president, IBC Vehicles, the General Motors/Isuzu joint venture company.

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2126

AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	50.50	50.50xd	54.02	+0.41	5.07
Gilts & Fixed Int	6	102.2	102.2xd	108.4	-0.4	10.15
High Inc Equity	6	132.0	135.1	143.8	+0.5	4.42
Worldwide Bond	6	192.6	192.6xd	204.0	+0.4	6.32
Capital Growth						
American Growth	6	183.0	183.0	195.8	+2.2	1.12
Asian Pacific	6	127.3	130.1	138.5	+8.7	0.00
Assets & Earnings	6	152.8	152.8	163.5	+0.5	3.09
Capital Reserve Acc	0	88.81	88.81	88.96	-0.07	6.74
Capital Reserve Inc	0	74.52	74.52xd	74.65	+0.08	8.04
Comdty & Energy	6	108.6	110.8xd	117.9	+1.1	0.71
Dividend & Growth	6	45.45	46.93	49.90	....	4.55
1992 Enterprise	6	60.23	60.23	64.42	+0.04	2.51
Euro Capital Acc	6	95.73	95.73	102.4	+0.3	0.93
Euro Capital Inc	6	92.31	92.31	98.73	+0.3	0.96
General	6	169.7	169.7xd	181.5	+0.3	2.75
International	6	60.01	60.68	64.56	+0.32	0.77
Japan	6	105.7	105.7	113.1	+1.3	0.00
Mastertrust	6	87.82	87.82	93.93	-0.38	1.51
UK Growth Acc	6	175.1	175.1	187.3	-0.3	1.64
UK Growth Dist	6	115.8	115.8	123.9	-0.2	2.48
US Emerging Cos	6	53.62	55.01	58.53	+0.85	0.00
Income & Growth	6	292.2	292.2	312.6	+0.6	3.28
Ethical	6	47.83	47.83	51.16	+0.07	1.95

Abtrust Management Ltd (1000)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5¼	31.77	31.77	33.91	+0.22	3.04
European	5¼	82.09	82.25xd	87.80	+0.26	0.00
European Income	5¼	78.85	78.98xd	84.31	-0.04	1.87
Exempt	1	725.0	725.0xd	751.7	+1.1	1.57
Extra Income	5¼	41.39	41.39xd	44.19	-0.46	4.38
F East Emerg Econ	5¼	62.98	63.79	68.32	+0.53	0.01
Fund Inv Tst	5	124.8	127.9	136.8	-0.3	1.64
Do Accum	5	195.6	200.6	214.1	-0.4	1.63
Gilt & Fixed Int	5¼	17.64	18.04	19.25	-0.15	12.71

Brycourt Unit Tst Mgmt Ltd (1400)F
Hesketh Hse, Portman Sq, W1H 0JB 01-935 6382

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income Growth	1	189.4	189.4	196.2	......	4.95

Buckmaster Mangmt Co Ltd (1200)H
The Stock Exchange, London EC2P 2JT 01-588 2868

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Emerging Grth	5	59.42	59.42	62.84	+0.13	3.46
(Accum Units)	5	61.53	61.53	65.07	+0.13	3.46
Fellowship Tst	5	61.76	61.76	65.31	+0.45	3.97
(Accum Units)	5	64.04	64.04	67.72	+0.48	3.97
General Inc	5	284.0	284.0	300.3	+1.7	3.44
(Accum Units)	5	486.7	486.7	514.7	+3.0	3.44
Income	5	154.1	155.9	166.4	+1.1	4.55
(Accum Units)	5	305.6	309.0	327.8	+2.2	4.55
International	5	106.2	106.2	112.3	+0.2	1.00
(Accum Units)	5	146.8	146.8	155.2	+0.3	1.00
Smaller Co's	5	102.9	102.9	108.8	+0.1	2.21
(Accum Units)	5	114.1	114.1	120.7	.....	2.21
Inv Portfolio	2½	52.34	53.28	54.93	+0.28	3.95
(Accum Units)	2½	54.88	55.85	57.58	+0.29	3.95
High Income Port	3	45.68	46.46	48.15	+0.24	6.28

Burrage Unit Tst Mangmt Ltd (0905)F
117 Fenchurch St, London EC3M 5AL 01-480 7216

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Short Dated Gilt	3¼	54.86	54.86xd	55.70	-0.05	12.83

CCF Foster Braithwaite UT Mngt (1100)F
1 White Hart Yard, London SE1 1NX 01-407 5966

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
CCF Sel High Inc Gth	5½	46.28	46.28	49.96	+0.20	5.5
CCF Sel Intl Grth	5½	47.49	47.49	51.05	+1.26	1.44
CCF Sel Inv Tst	5½	46.13	46.13	49.96	+0.35	2.0
CCF Sel UK Sm Co's	5½	46.05	46.05	50.23	+0.19	1.0

CCL Unit Trusts Ltd (1400)F
74 Shepherds Bush Green, W12 8SD 01-740 7070

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK General Tst	5½	52.05	53.22	56.62	+0.1	2.86
Global Tst	5½	45.04	45.47	48.39	+0.25	0.35
Recovery Tst	5½	45.06	46.21xd	49.16	+0.02	4.92

CIBC Unit Tst Managers plc (1200)H
Cottons Ctr, Cottons Lane, Ldn. SE1 2QL 01 234 6000

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Fd Acc	5	111.3	113.3	119.5	+0.80	4.39

CIS Unit Managers Ltd (1000)F
PO Box 105, Manchester M60 0AH 061 837 5060

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Growth	6	99.11	100.6xd	107.1	+0.1	2.59
UK Income	6	100.2	101.9	108.5	+0.1	5.58

CS Fund Managers Limited (1000)H
125 High Holborn, London WC1V 6PY 01-242 1148

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
CS America F	5	60.56	60.56	64.42	+0.78	1.10

Pearl Unit Trusts Ltd (1000)H
PO Box 900, Thorpe Wood, Peterborough PE3 6GD
Dealing: 0800 626577 Enquiries: 0733 67767

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth	5	111.6	114.1	120.0	+0.2	3.32
(Accum Units)	5	177.9	181.8	191.3	+0.3	3.32
Income	6	171.5	174.8	186.0	+0.4	4.40
Equity	6	170.5	173.5	184.6	+0.4	3.15
(Accum Units)	6	321.5	327.3	348.1	+0.7	3.15
Intl Equity	6	169.4	171.6	182.5	+0.8	1.95
(Accum Units)	6	178.1	180.4	191.8	+0.8	1.95
UK Income	6	46.92	47.76	50.81	-0.05	4.40
UK Intl 25	6	45.94	46.56	49.53	+0.12	2.79

Schroder Unit Trusts Ltd—Contd.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Far Eastern Gwth	5¼	47.51	47.51	50.00	..	0.00
(Accum Units)	5¼	47.51	47.51	50.00	..	0.00
Fixed Interest	5¼	42.89	42.89xd	45.17	-0.20	0.11
(Accum Units)	5¼	43.82	43.82	46.15	-0.35	0.11
Gilt Income	5¼	83.43	83.43xd	87.95	-0.32	11.30
(Accum Units)	5¼	94.28	94.28	99.40	-0.36	11.30
Income	5¼	232.5	235.0xd	249.9	+1.10	5.91
(Accum Units)	5¼	598.6	605.1	643.7	+4.10	5.91
Japan Smllr Cos ‡	5¼	354.8	358.6	381.4	+8.2	0.00
(Accum Units) ‡	5¼	355.5	359.3	387.2	-8.5	0.00
Pacific Gwth ‡	5¼	48.62	49.69xd	52.89	+0.35	2.00
(Accum Units) ‡	5¼	48.86	49.93	53.12	-0.35	0.50

PK English Trust (Inv Man) Ltd (1000)F
12 Carthusian St, London EC1M 6EB 01-796 1200

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American*	4	59.99	60.43	63.13	——	0.0
Far Eastern*	4	128.33	182.67	189.98	——	0.3
Growth†	4	183.23	185.54	196.03	——	3.2
Income†	4	139.91	141.66	150.94	——	5.4
Scandinavian†	4	75.30	77.42	80.52	——	0.3

† Dealing Day: Wed. *Dealing day: Thurs.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
(Accum Units)	5	141.1	142.9xd	152.4	-0.10	4.93
International	5	297.4	297.4	316.6	+0.20	0.60
(Accum Units)	5	384.5	384.5	409.5	+0.30	0.60
Japan	5	194.7	194.7	206.9	+3.90	0.00
(Accum Units)	5	199.8	199.8	212.4	+3.98	0.00
Pacific	5	56.20	57.27	61.09	+0.49	1.21
(Accum Units)	5	57.39	58.49	62.39	+0.50	1.21
Portfolio	5	54.40	54.50	58.14	+0.07	2.83
(Accum Units)	5	56.05	56.16	59.91	+0.08	2.83
Recovery	5	244.4	244.4	260.7	-0.40	2.73
(Accum Units)	5	279.5	279.5	298.2	-0.50	2.73
UK Smaller Co's	5	45.46	45.46xd	48.50	-0.54	1.42
(Accum Units)	5	47.76	47.76xd	50.95	-0.57	1.42
Institutional Funds						
UK Equity Feb 28 F	2	343.8	350.8xd	359.8	+5.90	3.94
(Accum Units) F	2	581.7	593.7xd	608.9	+10.20	3.94
Amer Sm Cos Equity	2	50.08	51.00	52.31	+0.67	0.00
(Accum Units)	2	50.48	51.41	52.73	+0.67	0.00

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♣ - 1401 to 1700 hours; ♠ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

	Init. Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gartmore Luxembourg SA-Contd.						
Dollar Bond		$-	1.05		-0.01	-
Sterling Bond		£-	1.00			-
European Currency Bond		Ecu-	1.44		-0.01	7.55
Intl Conv Bond		$-	2.07		-0.02	-
Dollar Reserve		$-	2.05			-
Sterling Reserve		£-	1.05			-
Deutschmark Reserve		DM-	5.04			-
Yen Reserve		Y-	505.80			-
Henderson Management SA						
21-25 Allee Scheffer L-2520 Luxembourg 01-638 5757 or 010-352 462252						
Henderson Horizon Fund						
Japanese Portfolio		$-	13.64	14.41		-
Japan Smllr Cos P'flio		$-	20.79	21.96	+0.15	-
Pacific Portfolio		$-	11.64	12.29	+0.09	-
Nth American P'folio		$-	4.59	4.70		-
European Portfolio		$-	8.35	8.82		-
UK Portfolio		$-	5.81	6.14	-0.01	-
Global Portfolio		$-	9.37	9.903	-0.02	-
Fixed Int Portfolio		$-	9.04	9.49	-0.09	-
Inv Cos Portfolio		$-	9.54	10.02		-
Dollar Liquidity P'folio		$-	0.8538	0.8580		-
Stlg Liquidity P'folio		£-	1.1715	1.1745		-
Hill Samuel Investment Services Intl SA						
Marktgasse 63/65, 3001 Berne, Switzerland 224051						
Hill Samuel Global Portfolio						
Global Equity			$9.45			-
Global Bond			$9.35			-
Global Managed			$9.39			-
Sterling Fixed Int			£9.42			-
European Fixed Int			DM8.79			-
UK Equity			£9.03			-
UK Smaller Co's Eqty			£9.51			-
Nth American Equity			$9.32			-
US Smaller Co's Eqty			$9.28			-
Japanese Equity			Y936			-
European Equity			DM9.62			-
Pacific Basin Equity			$9.29			-
Ivory & Sime (Luxembourg) SA						
13 rue Goethe L-1637 Luxembourg 010 352 4046461						

	Bid Price	Offer Price	+ or -	Yield Gross
Lazard Fund Managers—Contd.				
Lazard Japan Fund	$53.45	57.15		-
Lazard Nth Am	$20.24	21.55		1.0
Lazard Sel Port £ Cap	£13.59	14.47	-0.13	-
Lazard Sel Port £ Inc	£9.17	9.67		12.8
Lazard Sel Port $ Cap	$12.90	13.93	-0.56	-
Lazard Sel Port $ Inc	$8.52	8.99	-0.03	8.0
Lazard U.K.	£1.308	1.374		3.0
M & G Island Fund				
Island	647.8	686.7	-4.2	2.90
(Accum Units)	1261.0	1336.7	-8.4	2.90
MIM Financial Mgmt Intl Ltd				
Mngd Currency	£6.557	6.889	+0.006	6.27
MIM Portfolio Selection Fund Ltd				
Convertible	£1.029	1.094	+0.002	1.47
Far East Gwth	£1.324	1.408	+0.002	0.00
Smaller Co's	£.959	1.02	-0.001	1.15
Special Sits	£.969	1.03	+0.005	0.78
Intl Bond	$0.871	0.926	-0.008	6.38
American Fund	$1.929	2.052	+0.027	2.25
American Smaller Cos	$1.176	1.251	+0.005	0.00
Australian Fund	£1.596	1.697	+0.009	1.78
British Fund	£1.507	1.603	+0.004	5.45
European Fund	£2.139	2.275	+0.007	0.95
Gold Fund	£0.782	0.891	+0.005	0.00
Hong Kong Fund	£1.645	1.750	+0.009	3.65
International Fund	£1.395	1.483	+0.006	0.35
Japanese Fund	£2.907	3.092	+0.32	0.00
Japan Smaller Cos	£5.172	5.502	+0.119	0.00
Singapore & Malaysian	£1.517	1.613	+0.007	0.00
Dollar Fixed Interest	$0.989	1.052	-0.004	6.97
Sterling Fixed Int	£0.878	0.933	-0.001	11.80
Deutschmark Currency		DM5.028		2.36
Dollar Currency		$1.004		4.91
Sterling Currency		£1.035		10.48
Yen Currency		Y208.2		1.40
Managed Currency	£0.995	1.058		6.94
Nikko Capital Mgmt (Europe) Ltd				
Japan Index Fund	Y3,823	3,861		-
New Generation Fd. S.	$22.74	22.97		-
Japan Index Alpha	Y11,886	12,064		-
Jap Sector Rotation	Y9,713	9,858		-

JERSEY (**)

SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (**)

DUBLIN (**)

OFFSHORE INSURANCES

ISLE OF MAN (**)

LUXEMBOURG (**)

OTHER OFFSHORE FUNDS

Money Market Trust Funds

Money Market Bank Accounts

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

US MARKETS (3pm)

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

SOUTH AFRICA

AUSTRALIA

HONG KONG

MALAYSIA

SINGAPORE

CANADA (3pm)

JAPAN

INDICES

NEW YORK

DOW JONES	Mar 1	Feb 28	Feb 27	Feb 26	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
φIndustrials	2635.59	2627.25	2617.12	2602.48	2810.15 (2/1/90)	2144.64 (3/1/89)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	91.00	91.19	91.18	91.03	94.15 (2/8/89)	87.35 (23/3/89)	—	—
Transport	1133.89	1129.09	1116.29	1099.40	1532.01 (5/9/89)	959.95 (3/1/89)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	219.13	220.38	218.88	218.50	236.23 (2/1/90)	181.84 (24/2/89)	236.23 (2/1/90)	10.50 (8/4/32)

φDay's High 2655.63 (2652.48) Low 2607.88 (2603.60)

STANDARD AND POOR'S

	Mar 1	Feb 28	Feb 27	Feb 26	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	332.74	331.89	330.26	328.67	359.80 (9/10/89)	275.31 (3/1/89)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	383.02	382.02	380.42	378.51	411.20 (2/1/90)	318.66 (3/1/89)	411.20 (2/1/90)	3.62 (21/6/32)
Financial	28.90	28.84	28.64	28.60	35.24 (9/10/89)	24.30 (3/1/89)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	183.52	183.07	182.16	181.26	199.34 (9/10/89)	154.98 (3/1/89)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	354.04	352.90	351.40	350.36	397.03 (10/10/89)	305.24 (3/1/89)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	427.21	425.83	422.61	420.95	485.73 (9/10/89)	378.56 (3/1/89)	485.73 (9/10/89)	54.87 (31/10/72)

	Feb 23	Feb 16	Feb 9	year ago (approx.)
Dow Industrial Div. Yield	4.26	4.14	4.09	3.75

	Feb 28	Feb 21	Feb 14	year ago (approx.)
S & P Industrial div. yield	3.13	3.16	3.11	3.18
S & P Indl. P/E ratio	14.47	14.32	14.21	13.50

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Union Carbide	3,303,600	22⅛	− 2
Philip Morris	2,938,800	36	− 1
Philadel Elect	2,927,600	18	− 2⅛
Am Express	2,383,100	29	− ⅛
Texas Utilities	2,358,500	34⅜	+ ⅛
Gen Electric	2,273,900	61⅝	− ⅛
USAIR Group	1,462,200	31	− 1
Exxon	1,398,400	46½	− ½
Utd Telecomms	1,250,400	37⅜	+ ⅜
First Interstate	1,231,300	38⅛	+ ⅛

TRADING ACTIVITY

† Volume (Millions)	Mar 1	Feb 28	Feb 27
New York	157.930	184.410	152.590
Amex	14.446	13.159	13.204
NASDAQ	134.245	129.395	130.853
Issues Traded	1,955	1,968	1,965
Rises	837	929	903
Falls	638	566	565
Unchanged	480	473	497
New Highs	30	29	17
New Lows	36	47	44

CANADA

TORONTO	Mar 1	Feb 28	Feb 27	Feb 26	1989/90 HIGH	1989/90 LOW
Metals & Minerals	3094.08	3010.87	2946.90	2947.75	3919.2 (1/9/89)	2921.03(23/2/90)
Composite	3700.15	3686.70	3660.28	3649.49	4037.8 (6/10/89)	3350.5 (6/1/89)
MONTREAL Portfolio	1888.32	1880.99	1867.02	1862.83	2069.60(10/10/89)	1677.48 (3/1/89)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Mar 2	Mar 1	Feb 28	Feb 27	1989/90 HIGH	1989/90 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1568.2	1570.5	1575.1	1570.4	1781.8 (29/8/89)	1412.9 (7/4/89)
All Mining (1/1/80)	793.3	793.5	794.6	790.7	875.1 (29/8/89)	652.6 (7/4/89)
AUSTRIA						
Credit Aktien (30/12/84)	(u)	662.04	662.18	655.51	663.28 (19/2/90)	219.5 (2/1/89)
BELGIUM						
Brussels SE (1/1/80)	5753.95	5727.13	5679.33	5619.40	6805.28 (26/9/89)	5519.30 (4/1/89)
DENMARK						
Copenhagen SE (3/1/83)	364.91	362.89	365.96	367.35	380.32 (5/2/90)	275.49 (27/2/89)
FINLAND						
Unitas General (1975)	648.4	650.3	654.2	651.6	815.8 (18/4/89)	580.8 (23/11/89)
FRANCE						
CAC General (31/12/82)	496.85	497.79	497.51	494.60	561.6 (11/10/89)	417.9 (4/1/89)
CAC 40 (31/12/87)	1840.48	1832.44	1849.68	1825.38	2006.42 (4/1/90)	1525.38 (27/2/89)
GERMANY						
FAZ Aktien (31/12/58)	757.55	753.79	756.88	752.57	807.13 (5/2/90)	535.78 (27/2/89)
Commerzbank (1/12/53)	2208.2	2197.4	2206.8	2194.9	2378.8 (6/2/90)	1595.7 (27/2/89)
DAX (30/12/87)	1818.23	1787.87	1809.92	1804.32	1939.43 (5/2/90)	1271.70 (23/2/89)
HONG KONG						
Hang Seng Bank (31/7/64)	2937.93	2933.13	2951.98	2932.62	3309.64 (15/5/89)	2093.61 (5/6/89)
IRELAND						
ISEQ Overall (4/1/88)	1790.06	1797.44	1796.27	1797.03	1893.10 (22/1/90)	1360.64 (10/1/89)
ITALY						
Banca Com. Ital. (1972)	659.79	654.50	655.71	651.77	734.84 (31/8/89)	577.49 (28/2/89)
JAPAN						
Nikkei (16/5/49)	34057.56	33829.58	34591.99	33897.95	38915.87 (29/12/89)	30183.79 (5/1/89)
Tokyo SE (Topix) (4/1/68)	2541.97	2536.61	2565.54	2500.04	2884.80 (18/12/89)	2366.91 (6/1/89)
2nd Section (4/1/68)	4153.38	4100.36	4090.79	3963.58	4284.68 (9/2/90)	2774.38 (27/3/89)
MALAYSIA						
KLSE Composite (4/4/86)	603.64	600.20	603.18	592.91	622.20 (20/2/90)	357.31 (3/1/89)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	245.9	242.9	244.8	244.1	272.7 (21/9/89)	208.3 (3/1/89)
CBS All Shr (End 1983)	188.7	186.3	187.8	187.5	210.5 (8/9/89)	166.7 (1/3/89)
NORWAY						
Oslo SE (2/1/83)	800.85	794.80	793.93	796.94	816.41 (16/2/90)	467.17 (2/1/89)
PHILIPPINES						
Manila Comp (2/1/85)	1028.32	1016.21	1015.95	1021.85	1396.26 (28/11/89)	804.62 (6/2/89)
SINGAPORE						
SES All-Singapore (2/4/75)	429.46	427.70	429.29	424.77	443.34 (6/2/90)	380.07 (4/1/89)
SOUTH AFRICA						
JSE Gold (28/9/78)	1877.0	1885.0	1919.0	1891.0	2254.0 (12/12/89)	1291.0 (15/2/89)
JSE Industrial (28/9/78)	2974.0	2982.0	3018.0	2974.0	3211.0 (6/2/90)	1961.0 (3/1/89)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	894.07	(c)	861.59	859.83	1007.80 (1/4/89)	833.81 (26/2/90)
SPAIN						
Madrid SE (30/12/85)	271.18	271.51	273.41	272.13	328.93 (13/9/89)	268.61 (1/3/89)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	1163.80	1166.60	1175.10	1169.00	1372.95 (16/8/89)	1021.96 (9/1/89)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	754.8	749.4	756.0	760.0	829.1 (6/9/89)	613.1 (3/1/89)
TAIWAN**						
Weighted Price (30/6/66)	11436.99	11419.85	11661.73	11431.20	12495.34 (10/2/90)	4873.01 (5/1/89)
THAILAND						
Bangkok SET (30/4/75)	811.24	812.94	813.67	804.82	918.67 (5/1/90)	386.73 (2/1/89)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	510.7	515.9	510.6	571.0 (4/1/90)	487.6 (13/6/89)

**Saturday Feb. 24: Taiwan Weighted Price 11658.66 Korea Comp Ex. 845.25

§ Subject to official recalculation.

δBase values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Institutions help Dow to a week-long winning streak

Wall Street

THE WEEK-LONG winning streak continued on Wall Street yesterday, as institutional demand pushed prices moderately higher across a broad front, *writes Anatole Kaletsky in New York*.

The Dow Jones Industrial Average rose steadily after the opening bell and stood 20 points higher after an hour of trading. Prices then stabilised and traded narrowly within a range of 2,650 to 2,660 on the Dow. At 2 pm the Dow was 15.76 up at 2,651.35. The index had gained 8.34 points on Thursday.

Trading was moderate, with 106m shares changing hands *by lunchtime, but the breadth* of the market's advance continued to impress analysts. At lunchtime, advancing shares outnumbered declines by more than two to one.

The overnight recovery in Tokyo was one reason for the market's early advance. Another bullish factor was the strength of the US bond market.

Responding partly to the continuing gains of the dollar against the yen and the D-Mark, the bond market became increasingly bullish as the morning progressed. Bond prices were also helped by much weaker-than-expected figures on single family home sales, although many analysts discounted the significance of these statistics. By lunchtime, the Treasury's benchmark long bond was quoted ¾ higher at 99¾, a price at which it yielded 8.52 per cent.

The dollar's strength defied repeated bouts of intervention by the Federal Reserve Bank and by the German and other central banks in Europe. This led some traders to the conclusion that the trend in US interest rates might still point downwards, in spite of Federal Reserve statements which had appeared to dash hopes for an *early cut in official rates.*

Meanwhile, technicians in the bond market expressed satisfaction that the 8.62 per cent yield level on the long bond had again withstood a test by the bears.

While some bond traders were cheered by the signs of economic weakness in the housing sales figures, most equity analysts seemed to be more upbeat about the economic outlook. Recent reports from purchasing managers, as well as the leading indicators published yesterday morning, all seemed to suggest an economy which would continue to grow slowly but steadily in the months ahead.

With fears of recession dissipating, industrial stocks did particularly well yesterday. General Motors was the second busiest stock, gaining $1 to $46 in heavy volume of 1.5m shares.

Among leading blue chips, Philip Morris advanced $¾ to $36¾ and IBM gained $1¾ to $105¾. General Electric saw heavy two-way business, after the company said it expected its results this year to surpass last year's record figures in spite of weakness in some of its industrial products. GE rose $¾ to $62.

Canada

A POOR performance by gold shares eliminated an early rally to leave Toronto shares unchanged by midsession.

The composite index gained 3.8 to 3,704.4 on volume of 11.8m shares.

Archer Communications gained C$1¼ to C$11¾ after announcing that it had completed making its first three-dimensional sound mixer able to record at high speed.

EUROPE

Peugeot seizes limelight as bourses stage late surge

THERE WAS a surge in late trading in several continental bourses yesterday, some of them reflecting morning gains on Wall Street, *writes Our Markets Staff.*

PARIS had a brighter day after Thursday's decline, with Peugeot again stealing the limelight. The car stock gained FFr54, or 6.9 per cent, to FFr841 with 640,400 shares traded, taking its rise since February 21 to 20 per cent.

The stock, which languished last year, has been advancing on its relative cheapness – highlighted by the Renault/Volvo deal last week – and on speculation about a co-operation deal with a foreign car maker; those mentioned included Fiat. There were also hopes that the dividend would be raised when results were announced next month, said a salesman.

Other active stocks included Michelin, the tyre maker which has a stake in Peugeot, up FFr6 at FFr136.

Union des Assurances de Paris, the state-controlled insurer, lost FFr2 to FFr633. The foreign tranche of its FFr10.5bn capital increase, which began on Monday, was said to have been at least twice oversubscribed.

The CAC 40 index gained 28.04 points, or 1.5 per cent, closing at its day's high of 1,860.48 for a 3.2 per cent advance over the week. Turnover was thought to be about FFr2bn, after the previous day's thin FFr1.5bn.

FRANKFURT, once again, saw less action in the broadly-based FAZ index than it did in the 30-share DAX. The former closed just 1.76 higher at 757.55 in midsession, up 0.8 per cent on the week.

The latter, with some help from buying orders late in the day, put on 30.36 to 1,818.23, rising 1.6 per cent on the week. Analysts noted that chemicals, strong on the day and led by Hoechst with a rise of DM8.50 to DM318.50, account for 25 per cent of the DAX's market capitalisation.

Volume rose from DM5.5bn to DM6.6bn. Blue chips showed well, with Deutsche Bank up DM11.50 at DM761.50, Daimler DM24 higher at DM875 and Siemens rising DM15.70 to DM746.70.

Karstadt led retailers higher, with a DM30 rise to DM632. The March 18 elections in East Germany and talk of a favourable exchange rate in the proposed German monetary union have led to thoughts of a wave of consumer buying from the east.

AMSTERDAM finished at its highest level of the day as Wall Street opened firm, with the CBS tendency index 1.6 points higher at 106.9, with some foreign buying in light trading. The market gained 1 per cent over the week.

Philips, the electricals and electronics group which reported results slightly below expectations on Thursday, slipped 10 cents to Fl 40.60 as 887,124 shares were traded.

ABN, the country's largest bank, reported net profits up 15 per cent, in line with forecasts, and rose 30 cents to Fl 38.60. KNP, the paper producer, added Fl 1.50 to Fl 37.10 on a 25 per cent profits rise.

Hoogovens, the steel maker, gained Fl 2.90 to Fl 67.70 on rumours that it was about to raise its 1989 dividend.

MILAN chalked up a string of rises, the quality of which was compromised by thin trading, due to a national bank strike. However, names such as Montedison, its Enimont offshoot and the Sip telecommunications company extended their day's gains in late trading: they rose L85 to L1,850, L43 to L1,485 and L65 to L1,565 respectively, as the Comit index gained 5.29 to 659.79, little changed on the week.

ZURICH rose in moderate trading, helped by good results from Crédit Suisse. CS Holding bearers rose SFr45 to SFr2,405 and the Crédit Suisse index gained 3.6 to 600.2, a fraction lower on the week.

As in West Germany and Italy, there was a surge of buying activity late in the day.

STOCKHOLM saw profit-taking in thin trade and the Affärsvärlden General index shed 2.8 points to 1,163.8, up 0.3 per cent on the week, in turnover of SKr255m.

Trelleborg, the rubber, mining and mineral conglomerate, saw its free B shares rise SKr3 to SKr152 after it released better-than-expected results, boosting net profits by 40 per cent to SKr2.8bn.

BRUSSELS firmed slightly in moderate trade, with institutional investors returning to the market. The cash market index rose 26.8 to 5,753.93 – 1.7 per cent up on the week.

Fabrique Nationale, the arms company which announced losses of BFr2.5bn for 1989, plunged BFr32, or 8 per cent, to BFr350. Société Générale de Belgique, the holding company which owns 81 per cent of FN, fell BFr25 to BFr3,215. Générale de Banque, continued to recover from recent lows, gaining BFr30 to BFr4,890.

OSLO rose in lively trading, led by industrial and shipping issues. The all-share index rose 5.38 points to 612.25, for a 1.4 per cent increase on the week, as shares worth a total of NKr495m changed hands.

COPENHAGEN investors held back before the release of a string of corporate results. Meanwhile, shipping shares clawed back lost ground while other sectors were mixed. The bourse index rose 2.02 to 384.91, ending 0.4 per cent lower since the previous Friday.

MADRID eased in thin trading, with the general index off 0.33 at 271.18, ending the week 1 per cent lower.

SOUTH AFRICA

THE OVERALL share index in Johannesburg rose 16 to 3,071, due to a gain by De Beers of R5.5, or 8 per cent, to R72. The diamond company reports results early next week. Both the gold and industrial indices fell yesterday.

Interest rates hold key to Japan's volatility

Stefan Wagstyl explains why equities still look overvalued compared with bonds

THE AFTERMATH of the October 1987 crash was a bumper buying opportunity for those brave enough to enter the market.

Bargain-hunters will be wondering whether the plunge in Japanese equities of nearly 15 per cent since the beginning of the year offers a similar chance to profit.

The answer is probably not, or at least not yet, according to a straw poll of stockbrokers in Tokyo yesterday. Even *Nomura Securities, the biggest* Japanese securities company, which normally goes to extreme lengths to be bullish, has turned bearish.

Mr Takanuki Tanabe, chief strategist of the Nomura Research Institute, said yesterday that uncertainty was likely to persist in the market for the next few days, if not longer.

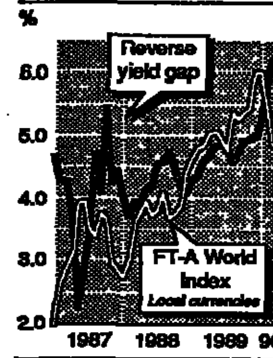
Others put it more bluntly. Mr Kermit Schoenholtz, an economist at Salomon Brothers in Tokyo, said that the Nikkei index, which closed yesterday at 34,057.56, could fall to 30,000. Mr Peter Tasker, research manager at Kleinwort Benson International, said: "At the beginning of the year I said the market could fall 10 to 15 per cent and *it has*. But I'm still very cautious."

Nevertheless, even in the depths of depression, brokers are not short of a tip or two. Investors willing to risk a further decline in the market as a whole can find individual stocks which look cheap.

The root cause of the current anxiety is that the factors which have caused the recent sharp plunge in stocks are still exerting their baleful influence on the market.

The key element is interest rates. The Japanese stock market is particularly sensitive to interest rates, because Japanese dividends are very low. So the cost of carrying a holding which has stopped going up in value is higher than on Wall Street or in London.

Japan



Short-term rates rose steadily in Japan last year in response to increases in rates elsewhere, principally in the US and West Germany. The yen weakened, particularly against the German D-Mark.

However, Japanese fund managers did not believe rates could stay high or the yen weak for long, so the stock market did not react. But reality dawned earlier this year, and long-term rates, including yields on government bonds, started rising sharply. From about 5.5 in early December, the yield on the benchmark government bond jumped to 6.5 per cent by mid-January.

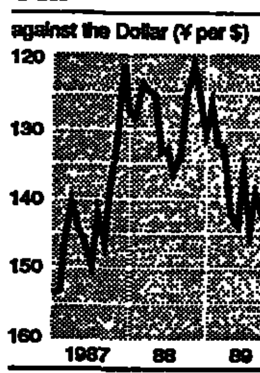
Investors' last hope was that a victory by the ruling Liberal Democratic Party (LDP) in the mid-February general election would bolster the market. It did not. The Nikkei index plunged and now stands 9 per cent below its level when voters went to the polls.

However, the pressures from the money and foreign exchange markets have grown worse since voting day. The yield on a basket of long bonds tracked by the Nikkei company has risen from about 6.4 per cent to 6.77 per cent. The yen/dollar rate has dropped from Y144.55 to nearly Y150.

The weakness of the currency is putting pressure on the Bank of Japan to raise its Official Discount Rate in order to support the yen. But the Finance Ministry is opposed to such a move, on the grounds that Japanese rates are already too high in comparison with other countries. The argument between the two authorities flared into a public row but has recently died down. Officials seem to have called a truce for fear of further destabilising the markets.

However, the difference of view remains. The sight of these two institutions at loggerheads reinforces the impression that all is not well in Japan Inc. This is compounded by the lack of leadership from the LDP, which has become even more obvious after the election than it was during the campaign. In spite of the LDP victory, Mr Toshiki Kaifu, the prime minister, has his power restricted by the party's elder statesmen. Nevertheless, it is he who is due to meet President Bush at a summit today to discuss economic relations.

Yen



Political uncertainty fuels fears about the future course of the yen and of interest rates. But even if long-term interest rates rise no higher and simply stay where they are, equities still seem over-valued in comparison with bonds. The gap between long-term bond yields and yields on equities stood at between 3.5 per cent and 4 per cent for most of the 1980s. It rose to over 4.5 per cent before the October 1987 crash. Now it is over 5 per cent, according to Kleinwort Benson.

There are two ways of closing the gap. Bond yields could fall as rapidly as they shot up. Unfortunately few people expect this to happen, given the central bank's position. Moreover, rates in West Germany and the US show little sign of falling.

The alternative is that equity yields must rise. In the long-term they will, if companies increase dividends. But in the short-term, the only way for yields to rise is for prices to fall. However, because the yield on equities is low in absolute terms – at about 1.6 per cent on Kleinwort's basis – share prices would have to fall to below 25,000 to bring the gap back to past levels. Following the October 1987 crash, however, Wall Street was full of similarly doom-laden analysis. This time, too, there are people ready to buy what they will hope will be bargains.

ASIA PACIFIC

Nikkei rises in cautious return to index stocks

Tokyo

INVESTORS made a cautious return to the market yesterday and the Nikkei index climbed past 34,000 again, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei finished 227.98 better at 34,057.56 after Thursday's drop of 762.41, still 2.4 per cent lower on the week. It moved during the day between a high of 34,092.23 and a low of 33,771.14. Gains led declines by 552 to 413, while 161 issues were unchanged.

Turnover fell from 618m shares to 595m. The Topix index of all listed stocks rose 5.96 to 2,541.97 and, in London, the ISE/Nikkei 50 index rose 1.26 to 1,865.70.

The day was marked by talk of avoiding shares that were components in the Nikkei index, according to Mr Masami Okuma at UBS Phillips and Drew. Nikkei issues were hard hit by index arbitrage selling, on Thursday and, to some an extent, yesterday as well; early in the day, investors focused on issues not included in the Nikkei, but came back to index stocks later when the mood improved.

There was relief that the market did not break below *Monday's* level, when the Nikkei fell 1,569.10 to 33,321.87. However, interest rate fears persist. "The greatest worry," said one broker, "[will be] if the yen remains sluggish even after an increase of 1 per cent." If that happens, there would be worries about another rate increase and further weakness on the market.

Yesterday's favourites were issues with good earnings, including high-technology companies and those which should gain from infrastructure investment. Kyocera, which makes semiconductors, and Fanuc, the electrical machinery maker, both appeared on the top volumes list. Neither is included in the Nikkei index. Kyocera gained a hefty Y140 to Y7,410 while Fanuc advanced Y340 to Y8,590. Hitachi, first in volume with 10.6m shares, added Y30 to Y1,570.

Osaka had a less inspiring day and the OSE average slipped 5.17 to 36,566.60. Volume fell to 70m shares from 99m on Thursday.

Roundup

GOVERNMENT measures lifted South Korea, but the leading markets were mostly little changed in quiet trading.

SEOUL rose sharply in active trading, on news of market-boosting measures by the Government. The composite index gained 22.48 points, or 2.6 per cent, to 884.07 – up 3.9 per cent on the week. Volume was 21m shares valued at 417bn won, up from Thursday's 329bn won.

The government moves included an increase in the number of institutional investors and the creation of three $100m investment funds. The financial share index rose by 4.5 per cent, with the Bank of Seoul, *the most active stock* with 1.2m shares traded, rising 600 won to 13,200 won.

MANILA advanced 1.2 per cent in light to moderate trading, as the composite index gained 12.11 to 1,028.32, fractionally lower on the week. Some stocks benefited from inclusion in the index, the composition of which was altered on Thursday.

Philippine National Bank, for example, gained 7.50 pesos to 475 pesos; the bank also rose on speculation that it would declare a stock dividend following a 40 per cent cash dividend out of last year's earnings.

AUSTRALIA eased in light trading, as the All Ordinaries index finished the week 0.8 per *cent lower at 1,568.2, down 2.3* points yesterday. The forthcoming elections in about three weeks are keeping investors away, and turnover fell to 66m shares at A$133m from Thursday's 70m and A$146m.

National Australia Bank lost 2 cents to A$6.30 after Thursday's court decision to remove the receivers, which had been appointed in December after pressure from the bank, at Bond Brewing Holdings.

SINGAPORE was in cautious mood after the recent swings on Tokyo and in the run-up to yesterday's Budget, which was given after the close. The Straits Times industrial index rose 5.42 to 1,551.47, little changed over the week, in vol*ume down to 92m shares from* Thursday's 112m.

HONG KONG edged higher in modest turnover. The Hang Seng index rose 4.80 to 2,937.93, 1.5 per cent higher on the previous Friday, as HK$925m of shares changed hands after Thursday's HK$1bn. **JAKARTA** rose 11.89 to 527.77 on the composite index, in volume of 14.3m shares, 13.3m of which were in Indocement, the cement producer, which gained 725 rupiah to 13,200 rupiah.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY MARCH 1 1990						WEDNESDAY FEBRUARY 28 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989/90 High	1989/90 Low	Year ago (approx)
Australia (84)	140.18	+0.1	124.79	122.10	−0.2	5.53	139.98	122.80	122.29	160.41	128.28	136.06
Austria (19)	264.78	−0.6	235.70	235.55	+0.2	1.13	268.46	233.76	234.98	266.46	92.84	100.79
Belgium (61)	134.70	+0.1	119.91	118.09	+0.8	4.72	134.59	118.07	117.16	160.02	125.58	130.88
Canada (120)	140.24	+0.6	124.84	120.90	+0.5	3.37	139.35	122.24	120.33	154.17	124.67	132.64
Denmark (36)	242.48	−1.7	215.85	216.35	−1.0	1.48	246.77	216.48	218.49	260.82	165.35	166.27
Finland (26)	146.89	−0.6	130.76	123.62	+0.3	2.40	147.77	129.64	123.28	159.16	118.83	142.86
France (125)	142.18	−1.6	126.57	129.19	−0.6	2.91	144.46	126.73	130.02	157.97	112.57	113.90
West Germany (96)	123.41	−1.4	109.85	110.03	−0.3	1.93	125.13	109.77	110.33	137.01	79.58	84.40
Hong Kong (48)	120.18	−0.7	106.98	120.48	−0.7	4.85	121.03	106.18	121.33	140.33	86.41	126.71
Ireland (17)	188.09	−0.8	167.43	170.11	+0.0	2.56	189.67	166.39	170.12	196.57	125.00	141.42
Italy (96)	91.85	−1.2	81.76	86.79	−0.3	2.65	93.00	81.59	87.05	102.11	74.97	79.48
Japan (455)	163.48	−1.9	145.52	154.64	−1.3	0.53	166.65	146.20	156.75	200.11	159.43	193.35
Malaysia (36)	235.00	−1.2	209.19	244.91	−1.0	2.18	237.74	208.57	247.50	245.32	143.35	154.26
Mexico (13)	383.63	−2.2	341.50	1145.51	−2.2	0.45	392.10	343.98	1170.77	393.90	153.32	157.34
Netherland (43)	130.43	−1.9	116.10	114.95	−0.8	4.80	132.96	116.64	115.85	145.66	110.83	112.41
New Zealand (18)	64.62	+1.5	57.52	58.40	+1.7	5.90	63.64	55.83	57.41	88.18	61.96	71.08
Norway (24)	232.18	−0.5	206.68	206.97	+0.1	1.58	233.45	204.80	206.68	241.98	139.92	167.56
Singapore (26)	191.38	−0.5	170.35	185.26	−0.1	1.78	192.34	168.73	185.39	199.38	124.57	137.79
South Africa (60)	198.29	+0.1	176.52	156.20	−1.0	3.59	198.13	173.82	157.77	251.39	115.35	126.73
Spain (43)	146.90	−1.5	130.76	121.97	−0.8	4.30	149.19	130.88	122.91	169.75	143.14	143.36
Sweden (35)	181.99	−1.0	162.00	165.89	−0.4	2.23	183.91	161.34	166.42	206.85	136.45	152.83
Switzerland (62)	91.87	−2.0	81.78	85.78	−1.0	2.17	93.75	82.25	86.66	99.12	67.81	75.22
United Kingdom (306)	151.51	−2.2	134.87	134.87	−0.8	4.80	154.92	135.91	135.91	164.31	133.28	147.11
USA (542)	134.80	+0.3	119.99	134.80	+0.3	3.52	134.43	117.93	134.43	146.29	112.13	118.17
Europe (989)	135.71	−1.7	120.80	120.96	−0.8	3.60	138.11	121.16	121.66	146.66	112.63	117.36
Nordic (121)	186.97	−1.2	166.44	161.75	−0.5	1.87	189.32	166.08	162.64	201.89	137.95	145.73
Pacific Basin (667)	160.99	−1.8	143.31	152.01	−1.3	0.80	163.93	143.81	153.97	194.72	157.05	188.20
Euro – Pacific (1656)	151.11	−1.8	134.52	139.77	−1.0	1.82	153.84	134.96	141.21	174.18	141.56	159.85
North America (662)	135.03	+0.3	120.20	133.92	+0.3	3.51	134.63	118.10	133.54	146.86	112.79	118.93
Europe Ex. UK (683)	124.81	−1.4	111.10	112.31	−0.5	2.80	126.62	111.08	112.82	135.73	96.30	98.89
Pacific Ex. Japan (212)	130.71	−0.2	116.35	118.31	−0.3	4.86	130.91	114.85	118.61	140.05	111.93	126.69
World Ex. US (1849)	151.33	−1.7	134.71	139.60	−1.0	1.89	153.91	135.03	140.98	173.77	141.49	158.57
World Ex. UK (2085)	143.72	−0.9	127.93	138.18	−0.6	2.17	145.07	127.26	138.95	162.00	136.98	142.62
World Ex. So. Af. (2331)	144.07	−1.1	128.24	137.71	−0.6	2.41	145.61	127.74	138.50	161.84	136.67	143.10
World Ex. Japan (1936)	135.99	−0.5	121.06	129.33	−0.1	3.60	136.69	119.92	129.45	145.52	114.51	118.79
The World Index (2391)	144.39	−1.1	128.54	137.84	−0.6	2.42	145.93	128.02	138.63	162.05	136.68	143.00

Trading on the Helsinki exchange has been reduced following a banking employees dispute.
Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
98½	91[illegible]	Treas. 3pc 1990	98[illegible]	–[illegible]	3.05	12.05
98[illegible]	95[illegible]	Treas 8¼pc 1987–90‡‡	98[illegible]	+[illegible]	8.39	14.08
98[illegible]	95¼	Treas. 8pc Cv 1990 ‡‡	97[illegible]	......	8.17	14.07
98[illegible]	96[illegible]	Treas. 10pcCv 1990	97[illegible]	–[illegible]	10.29	14.64
94½	87[illegible]	Exch 2½pc 1990	94[illegible]	–[illegible]	2.65	10.94
101[illegible]	97½	Treas 11¾pc 1991	97[illegible]	–[illegible]	12.00	14.44
93¾	89¾	Funding 5¾pc '87–91‡‡	93[illegible]	......	6.16	12.55
91	86[illegible]	Treas. 3pc 1991	90[illegible]	–[illegible]	3.30	11.49
100[illegible]	95¼	Treas 10pc Cv '91 ‡‡	95[illegible]	–[illegible]	10.47	13.76
101[illegible]	95[illegible]	Exch. 11pc 1991	95[illegible]	......	11.50	14.03
94[illegible]	91[illegible]	Treas. 8pc 1991	91[illegible]	......	8.77	13.76
106[illegible]	98[illegible]	Treas 12¾pc 1992‡‡	98[illegible]	–[illegible]	12.95	13.70
99½	93[illegible]	Treas 10pc 1992	93[illegible]	–[illegible]	10.66	13.69
94[illegible]	90[illegible]	Treas. 8pc 1992 ‡‡	90[illegible]	–[illegible]	8.88	13.55
100¾	94½	Treas 10½pc Cv 1992‡‡	94[illegible]	–[illegible]	11.11	13.47
85¾	82¼	Treas. 3pc 1992	83¾	–[illegible]	3.57	11.20
105[illegible]	97[illegible]	Exch. 12¼pc '92	97[illegible]	–[illegible]	12.55	13.41
109¾	100[illegible]	Exch 13½pc 1992	100[illegible]	–[illegible]	13.45	13.31
94[illegible]	88[illegible]	Treas 8¾pc 1993	88[illegible]	–[illegible]	9.34	13.14
100[illegible]	92[illegible]	Treas 10pc 1993‡‡	92[illegible]	–[illegible]	10.81	12.99
108¾	98[illegible]	Treas 12½pc 1993‡‡	98[illegible]	–[illegible]	12.65	12.94
88[illegible]	84[illegible]	Funding 6pc 1993‡‡	84[illegible]	–[illegible]	7.10	11.44
113¾	102[illegible]	Treas 13¾pc 1993‡‡	102[illegible]	–[illegible]	13.38	12.77
94½	87[illegible]	Treas. 8½pc 1994	87[illegible]	–[illegible]	9.75	12.75
117[illegible]	105[illegible]	Treas 14½pc 1994‡‡	105[illegible]	–[illegible]	13.72	12.61
113[illegible]	102[illegible]	Exch 13½pc 1994	102[illegible]	–[illegible]	13.18	12.70
100¾	92[illegible]	Treas. 10pc Ln. 1994‡‡	92[illegible]	–[illegible]	10.86	12.44
110¼	99½	Exch. 12½pc 1994	99½	–[illegible]	12.57	12.66
96[illegible]	88[illegible]	Treas 9pc 1994‡‡	88[illegible]	–[illegible]	10.23	12.44

Five to Fifteen Years

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
108[illegible]	98[illegible]	Treas 12pc 1995	98[illegible]	–[illegible]	12.24	12.54
79[illegible]	72	Exch 3pc Gas 90–95	74½	......	4.00	9.16
101[illegible]	91[illegible]	Exch. 10¼pc 1995	91[illegible]	–[illegible]	11.18	12.42
113[illegible]	101[illegible]	Treas 12¾pc 1995‡‡	101[illegible]	–[illegible]	12.55	12.33
119[illegible]	105[illegible]	Treas. 14pc '96	106	–[illegible]	13.22	12.54
97½	86[illegible]	Treas. 9pc 1992–96‡‡	86[illegible]	–[illegible]	10.40	12.21
126[illegible]	112½	Treas 15¼pc 1996‡‡	112½	–[illegible]	13.59	12.36
[illegible]						

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

BRITISH FUNDS—Contd

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. [illegible]

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
913p	333p	California Engy	800p	......	–	–	–
36[illegible]	17¼	Campbell Soup 15c	28[illegible]	+½	$1.00	–	2.1
28¾	15[illegible]	Chase Manhattan $12½	17[illegible]	+[illegible]	$2.36	–	7.9
[illegible]							

CANADIANS

[illegible]

Continued on next page

LONDON SHARE SERVICE

BANKS, HP & LEASING

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
*303	216	ANZ SA1	251	+2	44c	1.4	7.9	9.0
191	134	Abbey National 10p	186½	+½	8.5	q3.2	6.3	6.6
*282	120½	Allied Irish Ord	246	–1	[illegible]	3.3	3.3	12.7
£13½	£11½	Algemene Fl.10	£11[illegible]	+⅛	Q28%	2.0	7.5	6.7
*85	61	Anglo Irish	77	.....	Q18.7%	2.7	5.7	10.5
81	57	Ansbacher (H.) 1p	77	–1	2.5	♦	4.5	♦
£72¼	£38¼	Bancaire Cie Fr100	£54¾	+2¾	[illegible]	–	2.4	–
£46¾	£35¾	Banco Bilbao Vlz	£37¾	–¼	Q35.7%	2.0	3.6	13.9
£39	£25¾	Banco de Santander	£25¾	.....	Q25%	2.4	4.1	5.5
*286	169	Bank Ireland Ir£1	25[illegible]	–2	[illegible]	3.2	4.5	8.9
£19½	£17½	Bank Leumi	£19½	.....	–	–	–	–
350	345	Bank Leumi (U.K.)	345	.....	†13.5	–	5.2	–
125	88	Bank Scotland	114	+1	†3.8	3.6	4.4	8.2
111½	94½	Do. 9¼pc Irrd Pf	94¾	–1	9¼%	–	13.0	–
*67	49	Bank of Wales	52	.....	2.8	1.6	7.2	10.9
*588	404	Barclays £1	580	.....	27.4	q3.6	6.5	5.6
31	19	Benchmark 20p	19	.....	1.63	1.0	11.4	10.9
363	285	Brown Shipley £1	314	+1	†10.5	–	4.5	–
455	325	Cater Allen £1	413	.....	23.5	–	7.6	–
259	157	Chancery	159	–2	†8.0	2.8	6.7	7.0
£23¾	£14½	Commerzbk DM10	£20¼	.....	Q18%	–	3.3	–
*£29	£22¾	C'hgn. Hbk. Kr100	£23¾	.....	Q15%	–	6.1	–
£16¾	£10¾	Dai Ichi KBk Y50	£10¾	.....	†Q16%	8.8	0.3	38.4
£314¾	£156¼	Deutsche Bk DM50	£282¼	–¾	Q24%	–	1.6	–
£22¼	£17¾	Espirito Santo	£19¾	.....	Q75c	3.3	2.3	13.4
260	182	First Nat. Fin. 10p	228	+5	13.0	2.4	7.9	6.8
134	90	FNFC 6.3pc Cv. Pf	113	+3	6.3%	–	7.4	–
£16¾	£12¾	Fuji Bank Y50	£12¾	–⅛	Q15.6%	4.2	0.2	–
325	230	Gerrard & National	274	.....	18.5	–	9.0	–
154	118	Guinness Mahon 10p	150	.....	42.1	–	1.9	–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

MOTORS, AIRCRAFT TRADES

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£17¼	£9¾	DAF N.V. Fl1.5	£9½	......	H02.5	1.8	7.2	7.7
162	119	General Mtrs Units	134	......	M012½%	–	5.5	–
906	264	Jaguar	849	......	♦11.0	0.5	1.7	–
*61½	27	March Group 5p	48	–3	tpl0.64	–	‡	–
£207	£94½	Volkswagen DM50	£171½	......	Q20%	2.8	1.8	20.4
£51	£33½	Volvo Kr25	£36½	......	Q56%	3.1	3.7	9.1

Commercial Vehicles

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
*505	211	ERF (Hldgs)	211	–7	15.8	3.7	9.9	3.8
*245	160	Plaxton Grp	160	–1	H8.5	2.1	7.1	16.3

Components

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
438	375	Abbey Panels	438	......	3.5	10.8	1.1	11.6
290	185	Airflow Streamlines	220	......	6.0	4.2	3.6	8.8
208	143	Bostrom 5p	190	......	1.5.1	10.6	3.6	9.2
299	191	Dowty 50p	201	+2	t8.0	2.3	5.3	10.5
261	170	FR Group	178	......	t5.54	3.7	4.3	8.4
*174	81	Kwik-Fit Hldgs. 10p	82	......	2.4	2.8	3.9	12.2
*725	509	Lucas Inds. £1	588	+3	25.0	2.9	5.7	6.8
*62	14	Spice 5p	15	......	tq1.2	0.4	‡	–

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
111	89	Do. 7¼pc Pf.	98	......	7.25	–	10.7	–
*205	122	Egerton Trust	142	......	10.0	2.6	9.4	5.5
268	155	Empire Prop. Co. 10p	158	......	12.2	8.3	2.0	6.1
141	85	Eng & O'seas Prpt 10p	85	......	4.5	♦	7.1	♦
280	175	Erostin Group	175	......	16.0	3.8	4.6	7.6
350	300	Ests. & Agency	338	–20	15.0	1.6	2.0	41.8
231	163	Ests. & Gen. 20p	163	......	13.4	2.1	2.8	21.9
117	91	Do. 6pc Cv. Pf.	93	+2	6.0	–	8.6	–
255	170	Evans of Leeds	203	......	16.15	2.5	4.0	14.6
*133	60	Ewart	60	......	th1.88	2.5	‡	13.2
83	54	Five Oaks Inv 5p	57	......	1.6	3.4	3.7	5.7
205	143	Fletcher King 10p	145	......	10.6	2.0	9.7	6.8
170	96	F.S.M. Props. 10p	122	+2	15.0	6.3	5.5	3.6
549	382	Frogmore Est 50p	414	......	11.0	2.4	3.5	15.1
456	265	Grainger Trust	265	–10	5.25	4.7	2.6	10.7
352	263	Gt. Portland 50p	265	+2	N9.0	1.2	4.5	23.9
£153	£92	Do 9½pc Cv Ln 2002	£114	+2	Q9½%	–	8.0	–
169	120	Green Property 4/25p	127	+2	Q20.6%	♦	3.8	♦
580	389	Greycoat 10p	398	+1	14.5	4.1	1.5	16.7
65	31	Hambro Countrywide 5p	58	......	t2.6	1.9	‡	9.6
929	694	Hammerson "A"	698	+4	t17.0	1.9	3.2	18.2
188	93	Hanover Druce 10p	103	......	5.0	0.9	6.5	22.1
705	570	Hardanger Prop 10p	645	......	28.13	2.8	5.8	7.7
353	220	Helical Bar 5p	221	–2	15.8	9.6	3.5	3.9
98	69	Do. 5¼pc Cv Pf '12	78	......	5¼%	–	10.0	–
216	143	Herring Son & Daw 10p	165	......	14.0	3.2	3.2	12.0
98	55	HK Land Hldgs.	58	......	t038c	1.3	5.0	15.8
*41	11½	HOCO 10p	12	–½	q0.25	5.4	2.6	10.1
*999	726	Int Inc Ppty $0.01	988	......	Q$1.08	–	6.6	–
*320	225	Jermyn Invest	250	......	2.5	3.6	1.3	23.4
60	25	Key City Prop	33	......	–	–	–	–
670	419	Laing Properties	664	......	♦10.25	2.6	2.1	21.7
£315	£195	Do 8½pc Ln 2000-05	£302½	–7½	Q8½%	22.4	2.9	–

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES—Contd

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ● Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p γ	89	......
Craig & Rose £1 γ	820	......
Finlay Pkg. 5p γ	58	......
Holt (Jos) 25p γ	1345	......

IRISH

Stock	Price	+ or –
Cap. 8½% Ln. 1991	£96¼	......
9pc Cap Ln. 1996	£98½	+¼
Fin. 13% 97/02	£107½	......
Arnotts	440	......
Carrol (P.J.) γ	160	......
Hall (R. & H.)	185	......
Heiton Hldgs. γ	92	......
IRG	210	......
United Drug	168	+3

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	39
Amstrad	5½
Astec (BSR)	5½
BAT	85
BOC Grp.	45
BTR	36
Barclays	49
Blue Circle	19
Boots	23
Bowaters	38
Brit Aerospace	42
British Steel	9
Brit. Telecom	25
Cadburys	27
Charter Cons.	48
Comm Union	40
Courtaulds	31
Eurotunnel	68
FKI	7
FNFC	21
Gen Accident	90
GEC	18
Glaxo	56
Grand Met.	45
Guardian	19
GKN	33
Hanson	18
Hawker Sidd	55
ICI	85
Ladbroke	25
Legal & Gen.	34
Lex Service	26
Lloyds Bank	22
Lucas Inds.	52
Marks & Spencer	17
Midland Bk.	27
Nat West Bk.	29
P & O Dfd.	58
Polly Peck	37
Racal Elect.	19
RHM	35
Rank Org Ord.	68
Reed Intnl.	33
STC	20
Sears	9½
SmKl. Beecham A	46
TI	38
TSB	11
Tesco	17
Thorn EMI	61
Trust Houses	22
T&N	17
Unilever	56
Vickers	18
Wellcome	60

Property

Stock	p
Brit Land	32
Control Secs.	5
Land Securities	44
MEPC	44
Mountleigh	14

Oils

Stock	p
Aviva Petlm.	5½
Brit Petroleum	28
Burmah Oil	52
Conroy Petlm.	12
Gaelic Res.	4½
Premier	10
Shell	37
Tuskar Res.	10
Ultramar	31

Mines

Stock	p
Lonrho	22
RTZ	45

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1,050 per annum for each security.

FINANCIAL TIMES
Weekend March 3/March 4 1990

The Guinness Trial

Lyons appealed to Thatcher over Distillers bid referral, court told

By Raymond Hughes, Law Courts Correspondent

SIR Jack Lyons, the millionaire financier, made a personal appeal to Mrs Margaret Thatcher on Guinness's behalf during its 1986 takeover battle for Distillers, the Guinness trial was told yesterday.

Sir Jack asked the Prime Minister to take steps that would lead to "an evenhanded" decision on whether to refer Guinness's bid for Distillers to the Monopolies and Mergers Commission.

His letter, and Mrs Thatcher's reply, were quoted in Southwark Crown Court by Mr Robert Harman, QC, for Sir Jack, during his cross-examination of Mr Olivier Roux, a key prosecution witness.

Mr Harman said that within a fortnight of the exchange of letters, Guinness had been notified that its bid would not be referred.

The court has been told that Sir Jack was paid a £3m success fee by Guinness for his services during the bid.

Sir Jack, Mr Ernest Saunders, former Guinness chairman and chief executive, Mr Gerald Ronson, Heron group chairman, and City stockbroker Mr Anthony Parnes deny charges arising from an allegedly unlawful share support operation mounted by Guinness.

Mr Roux said that after a first bid by Guinness had lapsed, there had been no reason to think its second would not be referred to the MMC.

He agreed that, because of Trade and Industry Secretary Paul Channon's family connection with Guinness, the matter had been passed to his Minister of State, Mr Geoffrey Pattie.

Sir Jack Lyons: concern for stewardship of industry

Sir Jack's letter, sent on March 3 1986, began: "My Dear Prime Minister" and said:

"Despite the fact that 90 per cent of Scotch whisky sales go overseas, Mr Saunders' hopes were dashed when the company's bid for Distillers was referred. This seems to have been based on the narrow issue of sales in the UK.

"The opposing bidder, Argyll, were not referred as they are a supermarket group whose experience of the liquor business, and especially international export, is at the cheap end of the market and they have no experience whatsoever in the marketing of prestige export brands.

"Guinness therefore withdrew their original bid and proceeded to launch a new bid which not only contained terms more favourable to the shareholders of Distillers, but Distillers agreed to sell off certain brands so that any fear of UK competition was eliminated.

"I am writing to you personally because I am concerned with the fact that the right stewardship for the Scotch whisky industry is an important national matter, more at this time than ever during your leadership, and that the next decision, probably due within one to three days, should not be left to the Office of Fair Trading or a junior Department of Trade and Industry minister because of a relationship of the Secretary of State.

"I do therefore hope that you will take steps that will lead to an evenhanded decision."

Mrs Thatcher replied: "The position is that under the Fair Trading Act, 1973, decisions of reference to the Monopolies and Mergers Commission are entirely the responsibility of the Secretary of State for Trade and Industry. They are not matters for collective government decision.

"Paul Channon has, as you say, delegated this particular decision to the Minister of State, Geoffrey Pattie. I feel that Geoffrey Pattie should know the contents of your letter but as you marked the envelope 'Private and Personal' I would not want to pass it to him unless you wished me to do so. Perhaps you could telephone my office if you would like this to be done."

Margaret Thatcher: matter is one for Secretary of State

Sir Jack replied that he had no objection.

Mr Harman suggested that Mr Saunders and Mr Tom Ward, another Guinness director, had believed Sir Jack's intervention had been crucial.

"I am not suggesting that they believed he had exercised any undue influence or anything of that sort, but simply that he alerted minds to a position which might not otherwise have been so promptly brought to their attention," Mr Harman said.

Mr Roux agreed.

Later Mr Roux was asked by Mr John Chadwick, QC, prosecuting, if there had been any "Guinness input" into Sir Jack's letter. Mr Roux replied: "Yes, I think the letter was reviewed by Mr Saunders."

Mr Roux said he had seen a draft of the letter when Sir Jack showed it to Mr Saunders at Guinness's offices.

Earlier, Mr Roux had agreed that five weeks after the start of the DTI inquiry into Guinness the Prime Minister had, at Sir Jack's invitation, attended a lunch at the offices of Bain & Co, management consultants working for Guinness - "with the single caveat that the present establishment at Guinness should not be there."

Mr Harman referred to an agreement for Guinness to pay Sir Jack – in addition to his £3m success fee – £300,000 in 12 monthly instalments of £25,000 for advisory services during the early part of the integration of Distillers into Guinness.

The prosecution, he said, alleged that the £300,000 had been an indemnity for losses incurred by Sir Jack or his clients during the bid.

"I have never understood that to be the position," said Mr Roux.

Mr Roux concluded his evidence after being on the witness stand for about 37 hours over nine days

Kohl qualifies Polish border solution

By David Goodhart in Bonn

MR HELMUT KOHL, the West German Chancellor, said yesterday that formal acceptance of the existing German-Polish border should be dependent on Poland renouncing World War Two reparations claims against Germany.

The West German Government, meanwhile, said that it does not want to agree a belated and unsigned World War Two peace treaty as a means of resolving the complex international legal issues surrounding reunification.

Until a few months ago it was thought in West Germany that the unification of Germany, along with the renunciation of rights over "Germany as a whole" by the four Allied powers, and the resolution of border and reparations questions, depended on completing the unsigned peace treaty.

However, since the "two plus four" formula – the two German states plus the four Allied powers (The Soviet Union, US, Britain and France) – was agreed as the forum for settling the German question, there has been a noticeable silence on the question of a peace treaty. A plan for German unity would then be endorsed by a special meeting of the Conference on Security and Co-operation in Europe.

Yesterday Mr Juergen Chrobog, the West German Foreign Ministry spokesman, said that a peace treaty was "not an issue." It was, he said, an inappropriate concept from "an earlier century."

US diplomatic sources said although there was some sympathy for this view, no final decisions had been taken.

From the German side, there are three main arguments against a formal peace treaty, as opposed to a looser "settlement." These are:

- It would require gathering together more than 50 countries that were officially at war with Germany, including such countries as Iran, Nicaragua and Ethiopia.
- A peace treaty is seen as psychologically unattractive for a German state with a proud record of 40 years' peace and democracy.
- Such a treaty could attract a wave of reparations claims especially from East European countries.

Mr Kohl said yesterday that a united Germany's acceptance of the existing German-Polish border should be linked to an official renunciation of Polish reparation claims and properly-policed rights for the German minority in Poland.

Although West Germany has paid about Dm80bn (£28bn) in reparations since the war, this includes money paid to German citizens who lost their homes in the war. Poland is not the only country with an enormous – but unquantified – outstanding claim. Yugoslavia, for example, is claiming Dm38bn in reparations.

There are also claims by private individuals who were used as slave labour during the war. These claims are understood to be viewed more favourably in Bonn.

Waterford Wedgwood sells 29.9% stake

By Kieran Cooke in Dublin

MR Tony O'Reilly, the Irish-American business entrepreneur and chief executive of the Heinz group, is heading a consortium taking a 29.9 per cent stake in Waterford Wedgwood, the troubled crystal and china company.

Fitzwilton, the listed Dublin based investment company headed by Mr O'Reilly, and Morgan Stanley, the US investment bank, have formed a partnership which will acquire the Waterford Wedgwood stake for I£79.5m (£74m), or 37.5 Irish pence a share.

Among those also involved in the deal are wealthy, mostly US-based backers of Mr O'Reilly, including Mrs Ann Getty, of the Getty oil family.

Continuing labour problems at the Waterford plant, plus serious mismanagement, including an expensive and ill-judged rationalisation programme, have made a rescue by outside investors inevitable.

Announcing news of Waterford's new investors yesterday, Mr Howard Kilroy, group chairman, also released a set of figures which surprised even the most pessimistic of forecasters. Group after tax losses in 1989 were I£29m on sales of I£349m. Losses in 1988 were I£5.2m.

As well as the I£79.5m cash injection by Fitzwilton and Morgan Stanley, Waterford Wedgwood will be raising I£23m through a one-for-five rights issue to existing shareholders at 27.5 Irish pence.

The combined I£100m cash injection will dramatically reduce Waterford Wedgwood's debt burden, which has reached nearly I£150m. Servicing charges on group debt in 1989 were I£19.5m.

The main part of Fitzwilton's I£40m stake in the deal will be raised by new share placings, the rest through a one for 28 rights issue.

Mr O'Reilly and Morgan Stanley are buying their stake at what is seen as a reasonable price. The Fitzwilton/Morgan Stanley purchase values the Waterford Wedgwood group at I£265m. In 1986, Waterford paid I£260m for its Wedgwood purchase. Only 18 months ago, when Mr O'Reilly last tilted at the Waterford windmill, shares were trading at I£1.30.

London markets, Page 13

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
BMW	616	+	9.5
Daimler-Benz	875	+	24
Deutsche Bk	761.5	+	11.6
Dresdner Bk	412.5	+	5.5
Volkswagen	545	+	4.5
NEW YORK ($)			
Rises			
Ford Motor	47	+	1¼
Gen Electric	62	+	⅜
Gen Motors	46	+	1
IBM	105⅛	+	1⅜
Philip Morris	36⅝	+	⅝
Falls			
Gt Amer Bank	3⅞	–	1½
PARIS (FFrs)			
Rises			
Michelin	136	+	6.3
Peugeot	841	+	5.8
Rochette	910	+	9.8
U.I.S.	1030	+	49.2
Falls			
GR. Victoir	1340	–	56.5
Thomson	1210	–	44.3
TOKYO (Yen)			
Rises			
Ashai Concrete	1700	+	200
Harima Chems	2120	+	270
Miyazaki Bk	1520	+	200
Morishita	2010	+	300
Oita Bank	1460	+	200
Yokowo Mfg	2350	+	280
New York prices as at 12.30pm.			
LONDON (Pence)			
Rises			
BTR	412	+	3
Brit. Aerospace	505	+	6
Brit. Steel	139	+	3
Cable & Wire.	541	+	13
Calor Group	311	+	9
Chemoxy Intl.	450	+	48
Ex. Co. Louis.	255	+	23
Hanson	228½	+	6½
ICI	1077	+	16
Land Secs.	477	+	7
Racal Elects.	224	+	5
Reuters	1055	+	10
Standard Chart.	574	+	11
TVS Ent.	116	+	10
THORN EMI	691	+	11
Unilever	629	+	7
Y'shire Water	184	+	5

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	13	55	Dallas †	C	7	45	Madeira	F	17	63	Prague	F	3	37
Algiers	C	19	66	Dublin	S	5	41	Madrid	F	9	48	Reykjavik	C	1	34
Amsterdam	S	5	41	Dubrovnik	F	15	59	Majorca	C	10	50	Rhodes	F	16	61
Athens	S	19	66	Edinburgh	S	6	43	Malaga	S	17	63	Rio de Janeiro		–	–
Bahrain	S	20	68	Faro	F	16	61	Malta	S	19	66	Rome	F	14	57
Barcelona	C	10	50	Florence	S	15	59	Manchester	R	5	41	Salzburg	Sn	1	34
Belfast	F	6	43	Frankfurt	F	4	39	Melbourne	S	25	77	S'Francisco †	R	11	52
Belgrade	F	8	46	Geneva	Sn	4	39	Mexico City		–	–	Santiago		–	–
Berlin	F	6	43	Gibraltar	F	18	64	Miami †	S	21	70	Seoul	C	11	52
Biarritz	F	10	50	Glasgow	S	6	43	Milan	S	15	59	Singapore	F	33	91
Birmingham	F	7	45	Guernsey	F	7	45	Montreal †	C	1	34	Stockholm	C	1	34
Blackpool	C	6	43	Helsinki	C	0	32	Moscow	Sl	2	36	Strasbourg	C	5	41
Bombay	S	27	81	Hong Kong	C	19	66	Munich	F	2	36	Sydney	F	24	75
Bordeaux	R	8	46	Innsbruck	F	5	41	Nairobi	F	23	73	Tangier	C	17	63
Boulogne	F	5	41	Inverness	F	5	41	Naples	C	17	63	Tel Aviv	C	16	61
Bristol	F	7	45	Isle of Man	S	6	43	Nassau		–	–	Tenerife	F	21	70
Brussels	Sn	4	39	Istanbul	F	10	50	Newcastle	S	5	41	Tokyo	R	7	45
Buenos Aires		–	–	Jersey	F	7	45	New Delhi	S	18	64	Toronto †	S	-1	30
Budapest	F	7	45	Johannesburg	S	24	75	New York †	S	1	34	Tunis	F	21	70
Cairo	S	23	73	Las Palmas	S	20	68	Nice	C	11	52	Valencia	C	14	57
Cape Town	C	23	73	Leeds	F	6	43	Nicosia	S	18	64	Venice	S	13	55
Cardiff	F	8	46	Lisbon	S	14	57	Oporto	S	13	55	Vienna	F	7	45
Chicago †	S	0	32	Locarno	F	12	54	Oslo	S	4	39	Warsaw	C	2	36
Cologne	C	2	36	London	S	8	46	Paris	C	4	39	Washington †	C	3	37
Copenhagen	F	4	39	Los Angeles †	C	13	55	Peking	S	8	46	Wellington	S	18	64
Corfu	F	16	61	Luxembourg	Sn	1	34	Perth	F	28	82	Zurich	Sn	1	34

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Relief at Airbus as BAe strikes end

By Michael Smith and Paul Betts

EMPLOYEES OF two British Aerospace factories voted yesterday by a narrow majority to end 17 weeks of strikes which have brought production lines at Airbus, the European aircraft consortium, to a virtual standstill.

At the BAe Preston plant there were angry protests and demands for a ballot after shop stewards judged the vote to be narrowly in favour of accepting the company's offer of a 37-hour week.

Union officials said the vote would stand. They expected everyone both at Preston and Chester, where the vote to accept was more conclusive, to return to work on Monday.

The votes were greeted with relief by the Airbus supervisory board, meeting in Toulouse.

BAe, which makes wings for Airbus, is still expected to face compensation claims from its three continental Airbus partners for 40 per cent of the $300m (£180m) of losses caused by the strikes. Airbus officials said last night the compensation issue was raised at the meeting but not discussed.

BAe, which is resisting the compensation claims, has always argued that the long duration of the strikes was dictated by the need to negotiate deals which would be self-financing.

Some of its Airbus partners have questioned how Rolls-Royce and Smiths, which also suffered selective strikes as part of a national union campaign for shorter hours, were able to reach agreements before Christmas.

BAe said last night that the Preston and Chester agreements meant it had "at last obtained a real recognition from our workforce of the need to face up to significant changes in working practices. We have now put this damaging dispute behind us."

The statement suggests confidence that a deal is imminent at BAe's Kingston-upon-Thames plant, the only factory in the UK where workers remain on strike in pursuit of a shorter working week.

At the Airbus supervisory board, Mr Jean Pierson was reappointed for a second five-year term as the consortium's chief executive.

The board also finally agreed to assemble its new A-321 aircraft, a stretched version of the best selling A-320 twin engine narrow body jet, in Hamburg, giving way to considerable West German political pressure during the last 12 months.

Airbus will now launch a recovery programme to try to catch up lost output caused by the UK strikes. But the consortium still expects deliveries will be about 30 aircraft short this year.

Poll tax Continued from Page 1

are a significant element in their own charges.

The indications are that Mrs Thatcher will promise no changes in the structure of the poll tax before its introduction in England and Wales on April 1, but she will face great pressure from the party activists to introduce substantial changes in the next few months, possibly including greatly increased central government grants to local authorities.

The immediate difficulty for the party's strategists is the damage the poll tax is doing to the Tories in the run-up to May's local elections and the Parliamentary by-election in Mid-Staffordshire

Local government experts reckon the average poll tax declared so far is about £354, against the Government target average of £278. Many of the metropolitan and district councils have still to declare, and the average may rise to about £370.

THE LEX COLUMN

The market's early labour pains

The time has come for the markets to take seriously the prospects of a Labour government. The ructions over poll tax, student loans and Hong Kong immigration can perhaps be dismissed as mid-term blues, although the community charge does seem to have stirred the normally apathetic British voter. But more serious for the Government are the signs that the economic and electoral cycles look stubbornly out of kilter.

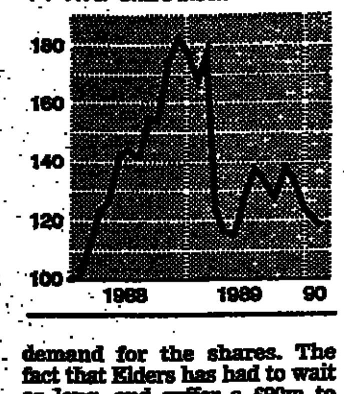
January's dreadful trade figures may have been explained away by the spin doctors of the Central Statistical Office, but a headline inflation rate of 8.5 per cent, as seems in prospect, will be harder to obfuscate. The squeeze on the economy will need to be long and painful rather than short and sharp. Even if mortgage rates are brought down in 1991 to please the Tory faithful in the south east, floating voters in areas such as the Midlands may still be smarting from a rise in unemployment. If the Chancellor does reflate before the trade and inflation problems are solved, then an election in 1992 – currently the market's favourite date – will probably coincide with a further upturn in prices.

Perhaps the markets can live with Labour, as they happily did in the late 1960s. It will be hard, even for the Tory tabloids, to discover a fire-breathing revolutionary in the persona of Mr John Smith. Labour's apparent commitment to join the exchange rate mechanism of the European Monetary System will limit its public spending ambitions and should put a floor under the pound as election day approaches. The main worries for the City will be at the micro rather than the macro level. Takeovers can expect rather closer scrutiny and although wholescale renationalisation has been ruled out, it seems likely that the regulatory regimes for the privatised utilities will be skewed rather more towards consumers than profits. And, most frightening of all, the top band of income tax will increase.

FT Index rose 9.3 to 1,774.2

Scottish & Newcastle

Share price relative to the FT-A All-Share Index



S&N

Now the Elders stake has been placed at last, courtesy of the market-making muscle of Smith New Court, Scottish & Newcastle can settle down to life outside the ranks of bid stocks. That may not do much for its share price in the short term, since getting rid of the Elders overhang has probably satisfied current institutional demand for the shares. The fact that Elders has had to wait so long, and suffer a £90m to £100m loss in the process, is hardly evidence of a surfeit of buyers.

The main task for Scottish & Newcastle's management, as the industry sorts itself out in the wake of the Monopolies Commission report, is to add to the brand strength it possesses in the north east and Scotland with selected brewing purchases in the rest of the country. Those purchases may well dilute earnings but fortunately the effect will be cushioned by the proceeds of last year's sale of Thistle Hotels, which now looks to have been a masterpiece of timing. Whether by luck or judgment, Center Parcs has been bought just as the British holiday-maker seems to have decided that home is best.

Waterford

The keenness of Mr Tony O'Reilly and Morgan Stanley yesterday to stump up I£79.5m to help out Waterford Wedgwood, in return for an equity stake of just under 30 per cent, is not just Irish-American sentimentality about the old country. Most of Dublin appears to have had a fair idea of the deal's terms in advance which, along with a I£23m rights issue, will clear away Waterford's I£96m debt heap and its I£18m annual interest bill. What is striking is the apparent absence of serious rival suitors for two luxury brand businesses whose potential looks so good; and, second, the apparent lack of much downside risk for the investor group.

Wedgwood is going strong, with sales up 17 per cent last year; the dip in its trading margins, from 16 per cent to just under 10 per cent, turns out to have been due to a series of one-off items. Some of these, like the extra £250,000 electricity bill at its Staffordshire works due to a faulty meter, show the group in characteristically accident-prone form. But there is still scope for both Wedgwood and Waterford to build sales substantially in the Far East. As for Waterford's current difficulties, mainly a matter of a strong Irish punt and excessive labour costs, the latter now seems soluble with I£9m of savings already achieved since June, another I£3m on the way, and a further I£10m being thrashed out with the unions.

Since Waterford is an export business, it would be stretching it a bit to see the deal as a sign of Ireland's new appeal to global investors. But the fact that the Irish stock market has been outperforming the UK's handsomely for some time tells us which country has been better managing its affairs recently.

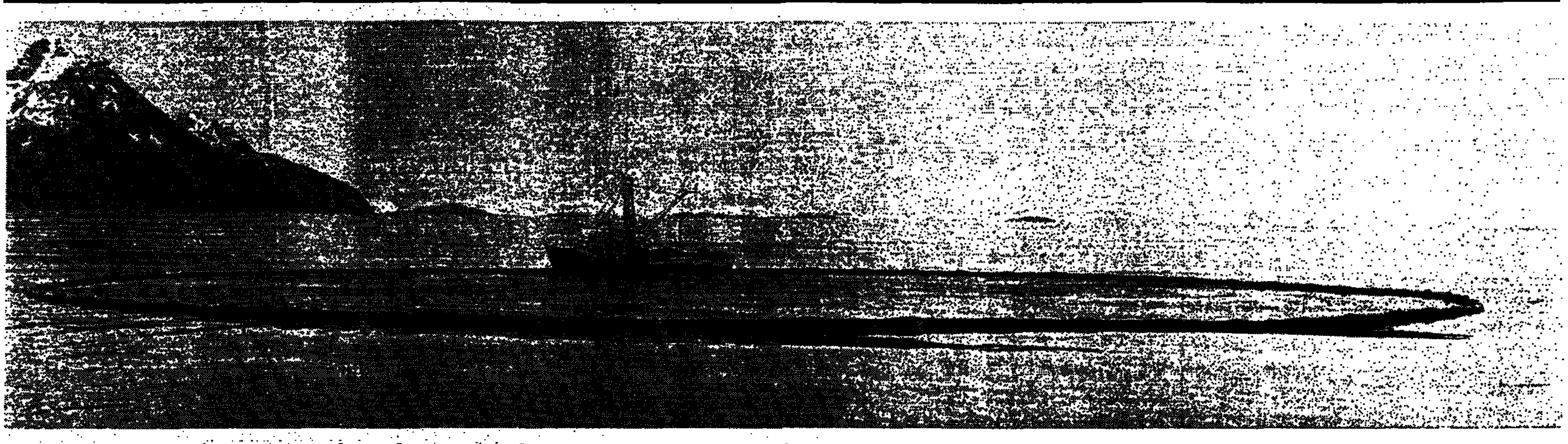
Poisoned chalices

Sketchley's narrow escape from a hostile £107m bid, thanks to a dreadful profits forecast which frightened the life out of predator Godfrey Davis, is not quite a first in British corporate finance history. Only three months ago, Meggitt abandoned its bid for USH when the latter revealed the existence of munificent golden parachutes for some executives, and a £17m provision against losses at one of its factories. Nor is there any suggestion that Sketchley over-did the doom and gloom just to see Godfrey Davis off; it looks as if it is a genuine shambles.

The episode serves as a timely reminder of the scope that still remains for unconventional bid defences. In the City of London, nasty surprises sometimes lurk inside merchant banks and insurance brokers in the form of deals which allow employees to buy out choice bits of the company at knock-down prices in the event of a successful takeover bid. The boring and easy way to make yourself takeover-proof used to be to bid successfully for a UK independent television franchise. These days, that strategy seems a bit wobbly, unless you are betting on a Labour government in 1992. After the Hoylake/BAT saga, owning a Texas insurance company now looks a much safer bet. The most unpalatable mouthful of all might be to buy a US coal mining, quarrying or chemical concern, with a history of toxic waste dumping.

Weekend FT

SECTION II — Weekend March 3/March 4, 1990



Alaska's dirty dollars

This week Exxon faces criminal charges over its oil spill. It has already sprayed millions of dollars among fishing communities. But has this cash polluted local relations, asks ***David Thomas***

EXXON has spent more than $2bn cleaning up the oil which spilled from the tanker Exxon Valdez, making it one of the world's costliest industrial accidents. Much of this money has found its way into the pockets of the few thousand inhabitants who lived in the path of the oil slick. Yet Exxon's gold has not brought contentment to their small Alaskan fishing towns. It has set neighbour against neighbour and led to allegations that Exxon succeeded in buying off the anger of the local communities.

The largest US-based oil company invented a novel technique last summer to clean up the public relations mess left by the March 24 spill. It sprayed dollars around the shores of southern Alaska almost as liberally as its supertanker had sprayed oil into the clear waters of Prince William Sound. Spending on this scale opened up unsuspected fissures in Alaska's inward-looking towns. Pragmatists were pitched against idealists; newcomers against oldtimers; and, at its crudest, those who welcomed against those who were appalled by the chance to take Exxon money. The idyllic self-image which these communities harboured – of the last great American frontier, where hardy, self-reliant people came to escape the modern world – was shattered in the process.

The town of Homer is typical. It has just enjoyed one of the most prosperous years since its foundation in 1896 by a gold-digging adventurer from Michigan. Yet, like the gold rush itself, it is a feverish sort of prosperity which has divided Homer's 4,000 inhabitants.

John P. Calhoun, Homer's nervy, chain-smoking mayor, has only recently felt up to the task of talking to strangers about the impact on his town. "The economics of the spill in the short term were very positive. It infused more money into our town than normal. The trouble was that not everyone gained to the same extent," explains Mayor Calhoun in his pint-sized office in Homer's city hall.

Tom Nathanson is one of many Homer fishermen who have done well out of the spill. He has just spent $100,000 improving his boat. "I spent the money for tax reasons, to avoid the IRS (Internal Revenue Service). I wasn't alone. The Homer fleet capitalised tremendously last summer, not because of a great fishing season, but because of a great contract season."

"Contract" was the word on the tongues of many Alaskan fishermen in the months after the spill. Exxon gave contracts to large swathes of the fishing fleet to shuttle supplies to and from the clean-up operations. Figures vary, but fishermen could earn between $2,000 and $6,000 a day hiring their boats out to Exxon. Many of those lucky enough to be on contract throughout the summer picked up more than they would in a normal fishing season.

Hiring the Alaskan fishing fleet served obvious operational requirements. But it also served Exxon's other need of dampening down the howls of rage from the local community. In addition, Exxon has paid more than $160m to people unable to fish because of the spill, irrespective of whether they were on contract or not. "It was overwhelmingly obvious, so unarguable that if Exxon didn't start handing out lots of money, they would be committing political suicide," Nathanson explains.

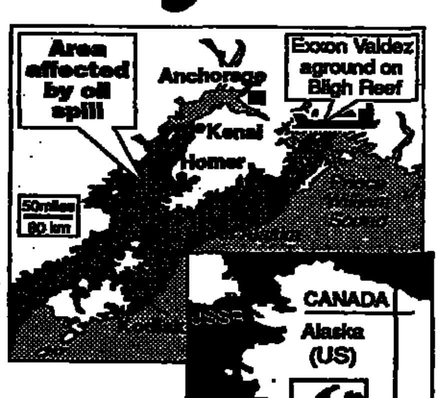
Nathanson is one of a minority of genuine locals among Homer's 600-strong fishing fleet. A squat, bearded man in tan-coloured overalls and with a tweed cap pulled down over his brow, he was brought up in Halibut Cove, a settlement of 100 people which can be reached only by boat. Halibut Cove nestles in a range of mountains and glaciers a 45-minute ride from Homer across the choppy seas of Kachemak Bay.

Only 29, Nathanson is already a veteran fisherman. He first went out when he was seven. Children were encouraged to travel with the fleet as soon as they were old enough to walk across the deck without being watched. Nathanson took command of his first boat when he was 15, using his sister as a deck hand. In his early days, Nathanson fished king crab from January to March; halibut from April to June; salmon from July to August; and crab again in September. October to December were for correspondence course schooling.

From his perch in Halibut Cove, Nathanson watched Homer prosper and grow. Homer is doubly blessed – with natural beauty and with fish. A tourist industry has sprung up to cater for Americans who fancy a back-to-nature holiday among the spruce-covered mountains which surround the town. Dozens of scavenging bald eagles hover around the fish restaurants clustering at the end of the four-mile spit which snakes out into the bay.

Homer's fish-rich seas also attracted an influx of commercial fishermen from the southern 48 states. Newcomers not just to Homer, but to fishing itself, many had abandoned good jobs – a phenomenon observed by Nathanson with some interest. "There has to be something about the personality of certain professionals. They work away for 20 or 30 years and they get to a point where their jobs become so boring that they throw everything in to take up commercial fishing."

Alaska's frontier image was a powerful attraction for these displaced southerners. It also drew another type of settler – members of the 1960s generation who saw Alaska as one of the last great wilderness refuges. Halibut Cove gradually filled up with artists to the point where they now rank in number with the fishermen.



Yet these immigrants settled into a very American version of the back-to-nature life. True, the seas off southern Alaska are not for the weak in spirit, especially in winter when the boats have to push through the ice packed into Homer's harbour to reach the bay. But these waters sustain some of the wealthiest fisheries in North America. Landing a 100 lb halibut is commonplace in the summer, while salmon fishing is a multi-million dollar business. Homer's boats can gross $500,000 in a good four-month summer season, allowing some owners to divide their time between summer in Alaska and winter in Honolulu.

The Alaskan fishing industry is one of the most heavily regulated businesses in the US. The size of the industry is limited by a strict licensing system run by the State of Alaska's Department of Fish and Game. These same regulators control the length of the season, even to the extent of naming the days on which salmon can be fished. The functionaries in Fish and Game shaped the destinies of the fishing fleets in the weeks following the spill.

Homer is at the end of a mountainous promontory 200 miles west of Prince William Sound. Most people in Homer froze immediately after the spill, waiting to see whether the slick would reach their town. The community's natural leaders, by contrast, were propelled into a whirlwind of activity.

Ken Castner, a burly Popeye of a man and an activist with the United Fishermen of Alaska, flew a small plane over the slick in the early days. When he saw the sheen making its way down the coast, he decided his place was in Juneau, the state capital, lobbying for the interests of the fishing industry.

In Juneau, the Department of Fish and Game made a decision which set the seal on the 1989 fishing season. In what became known as its "zero tolerance" policy, Fish and Game decreed that no ground should be fished if there was any sign of oil in the water, however minimal. Ken Castner, along with other fishermen's representatives, backed zero tolerance. It was an extreme way of maintaining the good name of Alaskan fish, akin to Perrier's image-preserving decision last month to recall its worldwide water stock.

Yet the decision caused consternation among some rank-and-file Homer fishermen, because the oil slick did a strange thing when it finally arrived off Homer in mid-April.

Instead of fouling the beaches of Homer and the rest of Kachemak Bay, it was swept out into the tidal rips of Cook Inlet, the stretch of waterway leading up to Anchorage, and then further west down the coast of Alaska.

While many of the grounds fished by the Homer fleeet were devastated by the oil, the immediate vicinity of Homer and Kachemak Bay was relatively untouched. But zero tolerance still closed the lower reaches of the bay to fishing for much of the summer whenever traces of oil were detected. "The amount of oil in this area was really a joke. Our contamination was pretty much just a political issue. Every district was determined to make Exxon pay. No district would let Exxon pass it by," Nathanson says.

There was, in any case, no chance of Exxon passing Homer by. Homer was one of the few towns on the coast large enough to act as a staging post for the clean-up. Homer's hotels were soon bulging with clean-up workers, many with broad Texan or Louisianan drawls. The influx of these brash outsiders – and their dollars – caused a whole series of spats with the locals.

For local business people, the problem was pay rates. Exxon offered $16 an hour for a clean-up worker, more than Homer's businesses were used to paying for their labour. "It pulled people out of $5 an hour jobs. It forced our merchants to increase their pay," complains Mayor Calhoun, who runs a local construction company.

For local fishermen's leaders, being ignored was the problem. Marge Tillion, a salmon fisher born and bred, had called a meeting of fishermen in Homer's cannery shortly after the spill. Expecting 20, she was overwhelmed by the 200 who turned out. Within days, she had organised a computer-based register of fishermen willing to help in the clean-up from her wooden house high on a hill overlooking Kachemak Bay.

When Exxon rolled into town, Tillion offered to mesh her activities with those of the oil company. She was told that Exxon was in charge and that her people would be legally liable for anything they attempted on their own. "It's the oil workers' mentality. They're used to being very powerful. They're used to being able to buy their way through any problem," says Tillion, who remains bitter about Exxon.

Indeed for many of the newcomers to Alaska, the problem was simply Big Oil. Nancy Hillstrand had spent the 1960s in New York state fighting plans for nuclear power stations. When she wearied of this struggle, she bought a property in an isolated bay near Homer. "I live in the bush because I tried to run away from it all. But

Continued on Page XIV

The Long View

British industry's identity crisis


BARRY RILEY

Captains of industry resent the power of fickle institutional shareholders, but their first priority should be to tackle the divisions in their own ranks

BRITISH industry is confused about its identity. Faced with a growing financial squeeze, and with 1992 looming, it has been more or less abandoned by the Government to its own devices. But its bracing independence is increasingly at the mercy of fickle institutional shareholders who are driven by quarterly performance figures.

The memory lingers vividly of the industrial group DRG which, last autumn, was delivered by the big institutions into the hands of a Bermuda-based asset-stripper because a sudden and temporary drop in the stock market made the cash bid look attractive. The search is on for whipping boys, and evasive fund managers make good candidates. But industrialists really have only themselves to blame.

The debate which has flared-up over corporate governance and the role of institutional shareholders is another variant of the old complaint that there is something wrong with the British financial system. In the past, bodies such as the Wilson committee in the 1970s and a Confederation of British Industry task force in 1988 have laboured long and hard over such issues.

Would the UK, it is asked, do better to adopt some of the features of the German or Japanese financial and corporate structures? But such investigations tend to be inconclusive because, in my view, the analysis is approached from the wrong direction. Financial systems do not determine the nature of the industrial economy: it is the other way around.

Consider, for instance, the phenomenon of the institutional domination of company share registers which has prompted the CBI to set up another task force, this time more specifically on wider share ownership. In 30 years, institutional ownership of British companies has risen from a quarter to nearly two-thirds. Some 50 top fund managers are reckoned to control British industry.

Is this an accident of the tax system, which channels savings to pension funds? Superficially, this would appear to be so; certainly, the investment managers have never sought the power which has come into their hands. Institutions and industrialists talk nervously about ways in which fund managers could become involved in corporate governance, such as through non-executive directorships, but this is entirely alien to the free-wheeling approach of the successful portfolio investors. The barren debate about short-termism misses the point – that fund managers are there to buy and sell shares.

I don't believe in accidents, though. If power has wound-up in the hands of people who have not sought or desired it, there must be a reason – and, surely, this must be that a very influential element within industry is perfectly content for it to be that way.

The voice of British industry has always been muffled and divided. How different the reaction would be in Germany or Japan if ever there were a suggestion that Bermuda-based raiders might be allowed to pick off companies.

The corporate sectors of those countries would simply not allow it and there would be absolutely no question of the votes of fund managers, or the rules of a self-appointed City Takeover Panel, having anything to do with it. The politicians would be forced to respond.

In Britain, however, it is the merchants and the deal-makers who rule. The culture goes back to the UK's imperialist heyday when adventurers and buccaneers were glamorous but the pioneers of the industrial revolution were merely worthy.

Today, fame, fortune and peerages greet those who build empires swiftly through takeovers. Good luck to them; but it would be nice if bigger rewards went to those who devoted themselves patiently to making a better widget, or even were prepared to run a motor car factory.

The classic British business today is Hanson, a group that has absolutely no industrial strategy – only a shareholder strategy designed to deliver a carefully manicured return. This enhanced earnings stream was supposed originally to have been achieved by improving the quality of management of acquired companies, but now it seems to derive largely from doing deals.

Unfortunately, the example of the likes of Hanson (now the sixth largest British listed company by capitalisation) has warped the attitudes of industrialists in general. Unhappy though most captains of industry are about corporate raiding, most of them are keen to retain the freedom to do a little bit of it themselves from time to time. Organic growth is something to boast about occasionally in the annual report – but it can be an awfully slow way of earning a knighthood.

It is also important that industry should be able to argue that it is open to market forces, something that confers an element of political and economic legitimacy. Hence the shareholders' right to determine the future control of companies, which was not such a powerful factor when share ownership was widely dispersed but is becoming an increasing threat when a few dozen performance-hungry fund managers hold all the cards.

The snag is that if shareholders' votes are disposed-of, industry must come up with an alternative to the judgment of the market place. Sinister movements on share registers do not add up to an ideal means of keeping managements on their toes, but at least they stop companies falling asleep. The alternatives are not attractive: they include the Department of Trade and Industry, the banks and other financial institutions, or German-style supervisory boards made up of relevant interest groups. But industry and shareholders will have to accept that the next prime minister (whether Conservative or Labour) is going to take a very different attitude to the corporate sector.

Industrial leaders, meantime, will have to accept that they cannot have it both ways on take-overs. They have to get their act together – a management task that has, so far, seemed beyond them.

CONTENTS

FINANCE & THE FAMILY: THIS WEEK

The Japanese myth dies a death

In two weeks almost 10 per cent has been sliced off the previously all-conquering Nikkei Dow index. **Barry Riley** *reports.* **Page III**

Mortgages to soften the blow

The recent round of rises in the mortgage rate has hit *homeowners hard — but there are steps you can take to* ease the burden, reports **John Edwards.** Plus **Eric Short** reviews reports from the Unit Trust Ombudsman and the Complaints Commissioner. **Page VI**

Plan efficiently for tax gains

Terry Dodsworth lists the main points you should be looking at in order to gain the most from the upcoming independent taxation of married couples. **Page VIII**

And now, the watching bank

Max Wilkinson takes his chequebook into the push-button age and tests the concept and the content of computer packages for home banking. **Page X**

Convertibles: hard to top

If you take the view that high interest rates and the general economic climate will put a lid on equity prices in the UK this year, you might take a look at convertibles, says **Terry Dodsworth. Page XI**

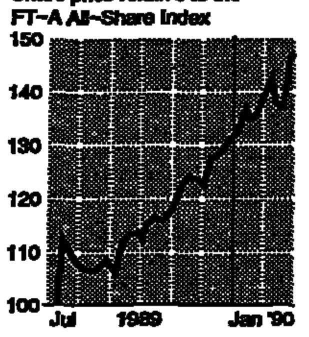
Minding Your Own Business

Roy Hodson on people who turn a love of animals into *thriving businesses.* **Page XII**

■ **BRIEFCASE:** Pensions, payouts and perks: **Page IX**

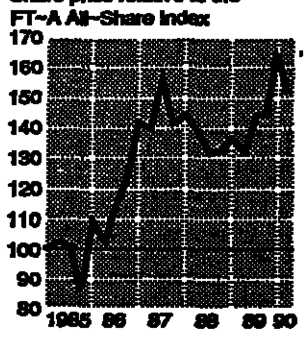
Abbey National

Share price relative to the FT–A All–Share Index



Unilever

Share price relative to the FT–A All–Share Index



Abbey National shares lifted by good results

Abbey National shares moved to near their all-time peak of 191p on the London stock exchange this week after their maiden set of full-year figures on Wednesday. In an effort to lift overseas interest in the stock Daiwa Securities is sponsoring a series of presentations to Japanese *institutions by Abbey's senior management in Tokyo* next week. **Sparkle amid the gloom:** Page III. *Stephen Thompson*

Unilever shows gains

Shares in Unilever, the Anglo-Dutch food and consumer products group, gained on the London stock market following final results for 1989. The 24 per cent rise in pre-tax profits to £1.8bn took the City by surprise, which had been expecting £1.73bn. However, a closer examination *injected a note of caution into the market. When the impact* of the pound's weakness last year was stripped out, Unilever's profits in sterling terms rose by only 13 per cent. Still, many analysts believe even without the impact of currencies the results are good enough to put a floor under Unilever at around the £6 level. *Jim McCallum*

HK and US top unit trusts

Hong Kong and North American funds were the best performing UK unit trusts in February, according to figures *issued this week by Micropal. Top of the monthly league* table was the Henderson Hong Kong fund, which gained 9.46 per cent on an offer-to-offer basis. Worst performers were commodity, gold and Japanese funds, notably several of the Japanese index tracker trusts.

However, Japanese funds continue to dominate the top performing trusts over one-year and five-year periods. The top performer over five years is NM Japan Smaller Companies, showing a return of nearly £526 for every £100 invested (offer-to-bid). Over one year, Far East and Japanese smaller companies occupied the top eight places, with the top fund, Royal Trust Singapore & Malaysia, giving a return of £166.87. Worst performers over five years remain Australian funds, while over one year UK smaller companies showed the biggest losses. *John Edwards*

Tax plea for working women

A campaign to persuade the Treasury to allow women to claim reasonable expenses against tax or costs incurred in working outside the home is being launched by Teresa Gorman, MP for Billericay. According to Gorman, a working woman must earn almost double the amount she pays for baby-minding or home help to make it economically viable, after taxation, to work. She says that the proposed tax changes would help tackle the predicted future shortages in jobs where women predominate, especially teaching, *nursing and information technology. Terry Dodsworth*

Unit trusts taken over

Morgan Grenfell, the merchant bank acquired recently by Deutsche Bank, is to take over UK responsibility for DWS *and IIM, the West German group's unit trust companies.* Morgan Grenfell Unit Trust Managers will promote the a range of Deutsche Bank products to the intermediary *market through its team of regional managers.* DWS is one of the largest unit trust managers in Europe with more than *£7bn under management. It currently offers a range of three bond funds in the UK but it is intended to increase this* portfolio to include two West German equity funds and a smaller-companies' fund. *T D*

LONDON

The brave are favoured, but don't make fortunes

"WITH ONE mighty bound, our hero was free — or almost," might stand as a summary of this week's equity market performance. If only the trading week could have closed on Monday night, the image of investment courage rewarded might be more convincing. Unfortunately, the subsequent four days were to prove less triumphant.

Monday morning was clearly the stage for a testing of the current equity sector trading range and traders approached their desks with some trepidation. After sliding by nearly 90 Footsie points over the previous week in the face of tremors in the international bond markets, London had to open the new trading account behind a fresh fall of 1,569 on the Nikkei Index.

Sure enough, the UK market was testing the FT-SE 2,200 area — the lower end of the trading range — even before the first official calculations of the Index. The City held its breath and waited for the institutions to show their hands.

Then the clouds parted. A combination of very little selling, some good quality buying and a squeeze on trading positions in both the Footsie futures and the underlying *Footsie* stocks, brought a handsome rebound. The FT-SE reversed its early fall, swinging round by more than 50 points to close comfortably in the 2,250 area, with the trading range apparently reinstated in triumph.

Since then, however, the recovery has stalled. Leading market indices have made little further progress since Monday night, upsetting those dealers who had recommended riding the trading range up its supposed top in the Footsie 2,300 area. The reasons are not hard to find although they are none the less acceptable for being so.

The first two blows to equity market confidence were interrelated. The slide in world bond markets continued, and was featured by a suddenly accelerated downturn in UK Government bonds which was triggered by Wednesday's announcement of a £1.9bn UK current account trade in January. The equity sector, apparently over-impressed by the references to exceptional items like diamonds and aircraft deliveries, was a day late in reacting to the latest set of poor figures. It did not come to heel until long-dated Gilts had shed about two full points over *two* successive sessions, and some London money market rates were edging nervously higher.

It is doubtful if the January trade deficit alone has raised the dangers of another hike in domestic interest rates any higher than they were. But you would need a powerful telescope now to spot the point on the distant horizon where the City hopes that rates will start coming down.

Rising yields in bonds, and potentially on money market instruments, represent a direct threat to such arguments as there are for buying equities at present. FT-SE 2,180-2,200 has proved a buying range for the institutions because at these levels, equities return a dividend yield of 5 per cent. If one believes recent forecasts, from County NatWest and other leading securities houses, of a FT-SE at 2,600 at the year-end, this return would offer a potential return on shares of around 20 per cent this year; this compares with the the 15 per cent return on the cash investments *which continues to attract new* money from the institutions.

But if the returns on bonds and cash are heading higher, then the lower end of the equity trading range may well fall below FT-SE 2,200. It was awareness of this uncomfortable prospect that helped to dampen the stock market at the end of the week.

The weakness of world bond markets also unsettles the outlook for equities in Tokyo and New York. The Japanese market in particular is worrying London because of the belief that, despite energetic backstage denials, some US securities houses are struggling to unwind substantial positions in the Nikkei futures contracts. The worry is that if these positions remain unwound on Settlement Day, which is this Thursday, then the luckless US houses will be forced sellers of the underlying stocks. While this denouement would not be unduly serious financially for the US houses, it could mean another fall in the Nikkei and perhaps some forced selling on Wall Street and London.

This general nervousness has muted the market's response to the round of corporate profits news. Good dividend increases from Barclays and Unilever added conviction to the equity dividend yield arguments.

But the composite insurance sector began to show the effects of increasing competition for property-casualty business. General Accident gave the market a nasty shock by reporting a £16m loss on its motor account in the final quarter of the year, and its share price suffered accordingly. Commercial Union, on the other hand, did better than expected in disclosing a 25 per cent fall in profits.

'A combination of very little selling, some good quality buying and a squeeze on trading positions in both the Footsie futures and the underlying Footsie stocks brought a handsome rebound'

"But let's not forget that share prices for the insurers are more a matter of *bid* prospects than of trading experiences," commented one sector analyst. The bid hype may have died down for a time in *the insurance sector, but it will* certainly resurface.

Indeed, the final feature of the week was a reminder that special situations still dominate the background of the London market. The 23 per cent stake held by Elders IXL in Scottish & Newcastle was placed with commendable swiftness by Smith New Court, *which enhanced its reputation* as the house with balls and dealing power in an increasingly timorous equity market.

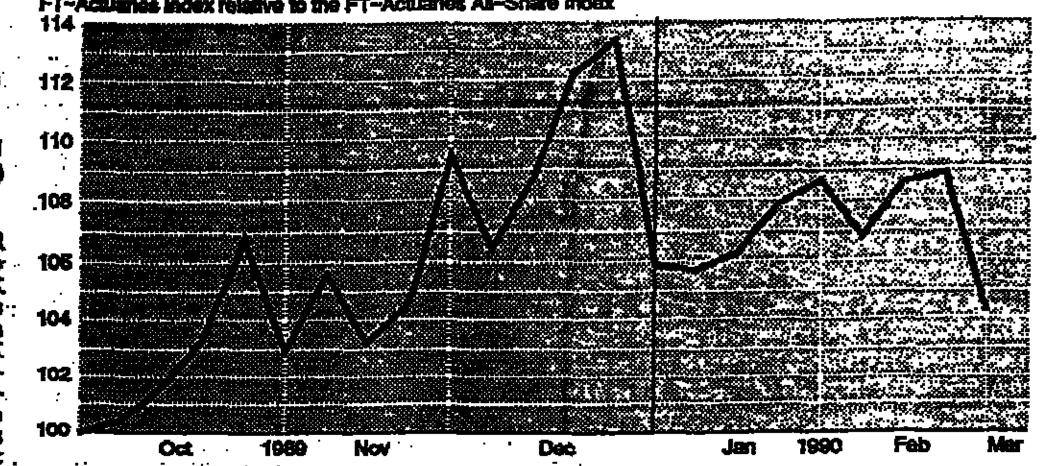
So, what faces our hero this week? Kleinwort Benson Securities is repeating its injunction that "the UK market should be sold in expectation of a fall towards the FT-SE 2,000 area." S.G. Warburg Securities, *while acclaiming* the "fair value" and dividend growth arguments for equities, warns of a testing time ahead. Paul Walton, strategist at Smith New Court, bears out the firm's reputation for courage with the assurance that, "we've almost seen the worst — we would start putting new money into the UK in anticipation of FT-SE 2,750."

Mighty bounds or not, our hero would be well advised to wear his safety harness at least until after Budget Day.

Terry Byland

Insurance composite

FT–Actuaries Index relative to the FT–Actuaries All–Share Index



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1989/90 High	1989/90 Low	
FT-SE 100 Index	2254.8	+18.1	2643.7	1782.8	Technical rally
Abbey National	186½	+10½	191	134	Maiden preliminary figs
Amersham Intl.	306	-38	552	300	Spec. about possible downgradings
Barclays	580	+30	586	404	Excellent prelim figs/scrip issue
Camford Engineering	313	+74	313	192	Markheath bid.
Contl. & Indl. Trust	948	+105	948	830	Agreed bid.
FKB	119	-36	336	119	Line of stock overhangs market
Fine Arts Devs.	219	-35	292	199	Profit warning; brokers downgradings
General Accident	1030	-90	1249	858	Preliminary profits halved
Goldberg (A.)	55	-23	208	51	Store closures and staff cutbacks
Hatfield Estates	225	+40	237	150	Receives bid approach
Sketchley	251	-106	470	241	Prft warning: Godfrey Davis stops bid
Sun Alliance	288	-22	350	247½	Composite insurers weaken
TVS Entertainment	116	+24	347	89	Recovery after appt of new director
Williams Hldgs.	254	+20	285	201	Comment following improved figures.

WALL STREET

Wanted: a tonic from Tokyo

ONE element is still missing before the bulls can regain control of the short-term trends on Wall Street and the world's other major equity markets. The Japanese must raise their official interest rates — sharply.

An increase of a full percentage point or more in Japan's official discount rate might push up the Nikkei Dow average by another thousand points, as many Japanese and US analysts seem to believe. But it could equally well trigger an explosive rally in both bond and equity prices in Tokyo by getting the bad news out of the way once and for all. In fact, further hesitation or, worse, a small, half-hearted increase in Japanese rates, would be far more likely to disturb all of the world's financial markets and precipitate the long-dreaded Tokyo crash.

Regardless of what happens in the Tokyo stock market, however, US equity prices are likely to continue marching to the beat of their own drummer, at least until the year-old trading range of 2,500 to 2,800 *on the Dow Jones Industrial* Average is more thoroughly tested.

For over a month, the market's dynamics, as well as the generally favourable macroeconomic background, have suggested that prices would probe the top end of that range before they threatened to fall again. And Wall Street's indifference to the repeated panics in Tokyo this week has strengthened that view.

What happens after the Dow enters the 2700-plus range which has proved so dangerous in the past is another matter. The long-term prospects do not look particularly favourable as the US economy continues to drift in a limbo of *stagflation, with little* prospect of inflation falling below the 4 to 5 per cent range or economic growth shifting outside the range of 1 to 2 per cent. At some point, some kind of accident seems likely to happen and pose the authorities with a more difficult dilemma between growth and inflation.

By that time a full-scale bear trend is likely to have reasserted itself. In the days ahead, however, the sentiment on Wall Street could easily become more bullish — unless events overseas intervene.

The danger is not one of *crude financial* contagion — that a collapse of prices in Tokyo, Frankfurt or London would automatically trigger a rout in the US. The real threat lies in the psychological effects of the dissension among economic policymakers in Europe and Japan.

After the salutary experience of last October, when German equities briefly appeared to be the worst victims of the chaos in the US junk bond market, investors seemed to have learnt some self-control in their responses to each other's behaviour. They now know that in a world ruled by *futures* speculation, large price gyrations may have little or no economic significance. Trend-following speculators of the kind who dominate short-term futures trading generally react to, rather than anticipate, events. Thus knee-jerk responses to the behaviour of other markets rarely yield profitable results.

There is no reason to conclude from the fall of the Tokyo stock market that Japan will lose power as a locomotive of world trade growth in the year ahead. Nor are there grounds to suppose that either inflation or demand pressure in Germany are going to intensify to *uncomfortable levels,* just because bond yields have jumped by almost two percentage points. In both cases, the week to week and even month to month market movements tell us more about the state of investor psychology than about the real world.

But this is precisely why tough action by the Bank of Japan would now be the best possible tonic for Wall Street and most other financial markets, probably even Tokyo's. The issue is not whether Japan is actually threatened by an inflationary spiral (it probably isn't) or whether a further fall in the yen would damage the world economy's precarious balance (it certainly would). If these were the main questions they could be addressed in other ways and the authorities would be justified in saying that they prefered to wait and see the impact of their previous measures.

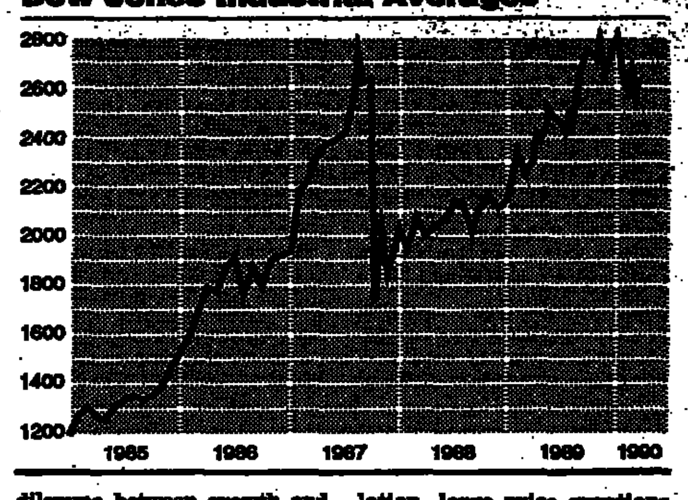
However, as in 1987, the biggest threat to the markets today is a collapse of confidence, not a deterioration of economic conditions. The finance ministers and central bankers of Germany, Japan and the US seem be losing control of their domestic economies and of the financial interactions between them. Unless they regain their grip on the levers of macroeconomic management, investor sentiment worldwide could rapidly turn nasty, as the continuing debacle in the European bond markets demonstrates.

Laissez-faire ideology may be the rage the world over, but the market reality in the five years since the Plaza Agreement of 1985 has been one of continuous and intensive macroeconomic fine-tuning, especially by the monetary authorities in Washington and Tokyo. Considering the fabulously prosperous times which investors have enjoyed in those five years since Plaza, and especially in the two years immediately after the agreement, concern about the apparent paralysis of macroeconomic policymaking *around the world is hardly* surprising.

Monday	2602.46	+ 36.29
Tuesday	2617.12	+ 14.64
Wednesday	2627.25	+ 10.13
Thursday	2635.59	+ 8.34

Anatole Kaletsky

Dow Jones Industrial Averages



JUNIOR MARKETS

Irish spread their wings

VISITORS to the Dublin Stock Exchange may be intrigued by the twice-daily practice of bell-ringing and chalking prices on a blackboard. But the seemingly archaic nature of this ritual can be deceptive: the Irish USM has recently been stealing much of the limelight from its London counterpart.

Irish companies have come up *trumps in the new issue* market and London market-makers have increased their involvement in Irish stocks although — on a less cheerful note — Memory Computers, the Anglo-Irish systems group, has had to call in a receiver to its UK subsidiaries after failing to secure the support of its bankers. The company, once among the stars of the market, has had a chequered history as it struggled to change from being a hardware to a software business.

But the vibrant performance of Irish newcomers is evident from the ratings of best-performing new issues put out by Coopers & Lybrand Deloitte. The three top-performing companies floated in the past year were Xtra-vision, a video cassette rental group; Cambridge Group, a financial services company; and Tullow Oil, a *hydrocarbon exploration business.* All are Irish companies that also have a London quote. Also in the top 10 are Boxmore International, a plastic packaging business; Kingspan Group, a building component manufacturer; FBD Holdings, an insurance company; and United Drug, a pharmaceutical wholesaler.

These newcomers have swelled the number of companies on the Irish USM to 25. They cover everything from drink to drugs and bloodstocks with some of the largest sectors being manufacturing, financial services and food.

The eight resource and exploration stocks are probably the best-known part of the market. *These stocks* are particular favourites with speculators, most of whom dream of finding another Tuskar Resources. This became the best-performing Irish share last year after making a major oil find in Colombia.

Other favourite gambles are Atlantic, which is engaged in the North Sea; Bula, which is *involved in the Gulf of Mexico;* and Conroy, which is mining in Co. Kilkenny. Many of these companies, and all last year's newcomers, have opted to have a London quote as well as a Dublin one. This practice is becoming more common, according to John Brennan, an analyst at Lawrence Prust. He says: "An increasing number of Irish companies are looking for a quotation in the UK, given the interest of institutions and their interest is *expanding their share of the* business in Britain."

This flood of companies onto the Irish USM represents something of a new lease of life for a market which seemed dead on its feet a few years ago. In the 1970s and first half of the 1980s, the number of quoted companies fell by more than a quarter. But as the economy *has recovered in recent years,* there has been something of an entrepreneurial revival in Ireland. Managers have left the multi-nationals that trained them to set up their own companies.

The renewed vigour has been focused particularly in the smaller company end of the market. In the past two years, 16 companies have joined the USM in Dublin compared with one joining the full list. The relationship between small companies and the Irish institutions is a *close one* (which helps the success of the companies and, at the same time, makes it difficult for aspriring investors to get hold of the stock).

In Brennan's view, this year should be another good one for the Irish economy. "With inflation at 3.5 per cent and interest rates of 12 per cent, the eco*nomic climate is very strong,"* he says.

Of course, many Irish companies, conscious of the size limitations of their own economy, have large exposures to the less-buoyant UK. Nonetheless, Winterflood Securities believes the Irish economy will soon generate more interest from non-Irish institutions which *have been impressed* by its out-performance of most major international markets over the *past* three years.

Last year, the Irish market, as measured by the ISEQ index, moved up by 27 per cent in local currency. So far this year, it has tracked the moves of the major international markets.

Winterflood has *started* making markets in small Irish stocks, becoming their second largest London-based market-maker after Citicorp. "We are *getting a lot of interest,"* says Winterflood's Lawrence Marsh. "UK institutions are starting to focus more attention on Irish stocks."

The Irish USM's record is a good one, although it is not immune from difficulties. Apart from the troubled Memory Computers, another recent disappointment was PrinTech International, which was voted the Overseas USM Company of the Year in 1989. This computer manual printer has seen its share price plummet and its *profits fall after a difficult US* acquisition and a drop in demand.

Vanessa Houlder

Indifferent results herald a bleak time for insurers

RESULTS FROM three of the major composite insurers and Europe's biggest insurance broker this week put an end to some exaggerated expectations about the non-life insurance sector. Not only were trading results indifferent; they also came as bid expectations dissipated.

On Monday Jean Peyrelevade, chairman of Union des Assurance de Paris, France's largest insurance company and owner of 25 per cent of Sun Life, was in London denying that he had ever intended to buy full control of the UK company.

With Axa-Midi declaring its lack of interest in buying a UK insurer, and with other potential French predators sated by the purchase of some small companies, the bid interest which had helped sustain the share price in recent months began to evaporate.

The following day Sedgwick underlined other problems facing the industry. Although its pre-tax profits were up 9 per cent at £85.2m last year, this was less than analysts had been expecting. *And* David Rowland, chairman of the Sedgwick Group, has played down the idea of any immediate end to the depression in premiums on US property and casualty insurance.

Dick Page, chairman of Sedgwick James, the international retail broking arm, said that US clients frequently obtained 10 to 15 per cent reductions in their premiums if they asked for competitive quotations, even though their rates might go up if they stayed with the same insurer.

Jim Page, head of EW Payne, Sedgwick's reinsurance division, said: "1991 is the earliest you will see primary rates hardening."

The message from Sedgwick was that expectations of an end to the down phase of the US insurance cycle are premature. At best some commercial rates have stopped falling. When they do go up, the rise is not likely to be dramatic. Sedgwick's profits in 1990 are expected to be around £100m.

All three composite insurers reporting this week — Commercial Union, General Accident on Wednesday and Royal Insurance on Thursday — draw a high proportion of their premium income from the US. Hopes of a turnround in the US property and casualty markets helped their share price to recover in October-November last year, when Hurricane Hugo, the San Francisco earthquake and the Philips Petroleum petrochemical plant explosion in Texas led the market *to believe that premiums* would rise.

However, the latest results showed that this turnround has not started. Hurricane Hugo cost General Accident £74m and Royal and Commercial Union were also hit.

Royal, with 36.5 per cent of its business in the US, produced figures which showed *that its combined ratio (claims* and expenses as a percentage of premiums) were almost all worse than the average for the US insurance industry.

Royal's losses from disasters reduced its profits by 43 per cent last year's £126m. Moreover Mr Ian Rushton, the chief executive, said that *storms* in the UK in January and February had cost the company £85m net, an impressive figure given that pre-tax profits were expected to be around £100m.

None of these falls in pre-tax *profits are quite as dire from* the shareholders' point of view as they look at first. Analysts say that the real test is the shift in the asset value of their capital and reserves, which, because of the strength of stock markets in the 1980s, is much more important than the profit and loss account.

In other words it should not *matter too much* that CU's pre-tax profits were down by 25 per cent to £150.5m or that at GA they were exactly halved at £147m from £294m. The financial strength of both companies is sufficient to sustain strong dividend growth whatever the underwriting results. Moreover CU said that investors tended not to pay enough attention to the strength of its life business which last year produced a profit of £102m.

The problem with this argument is that while Royal raised *its dividend for the year to* 25.5p and CU to 21.5p, GA was less generous than the market expected. As a result its share price was down 40p to 1065p on the day and by Thursday evening had fallen further to 1037p.

So three hopes for the insurance sector have been disappointed recently: bids from Europe have failed to materialise; there is no sign of US property/casualty rates improving; and GA showed that increased asset values do not inevitably mean higher dividends.

Sun Alliance and Guardian Royal Exchange both have less exposure in the US and expectations of strong dividend growth.

But for the composites the future looks less sanguine than at the end of last year.

Patrick Cockburn

FINANCE & THE FAMILY

David Barchard on Abbey National's debut results

A sparkle amid the gloom

ABBEY NATIONAL'S debut in the banks' annual results stakes this week was hailed as something of a triumph by stockbrokers' analysts and the press. With its pre-tax profits up by 21 per cent to £501m, Abbey National appeared to sparkle amid the encircling gloom, as Lloyds and Midland posted huge losses and even Barclays had its 1988 profit figures halved.

True, a substantial portion of Abbey National's success came not from its business activities but from the fact that it has been sitting on £975m raised at its stock market flotation, the first by a building society, in July last year.

Strip out the flotation effect and Abbey National's profits growth would have been a more modest – but still very respectable – 12.6 per cent.

The markets have not shown themselves very sensitive to messages coming from the clearing banks' results and the good news from Abbey National, which was rather above market forecasts, was not much of an exception. On Wednesday, Abbey National's share price went up a little after the results but then fell back on Thursday. It now stands at about 55p above the flotation offer price of 130p. The dividend was 5.7p a share.

Only a quarter of the 5.5m investors who bought Abbey National shares last summer have so far sold them. Is this the time to off-load the shares and pocket the premium?

The bank (Abbey National is now a bank, even though its directors prefer to call it a retail financial services group) performed surprisingly well in a difficult market last year.

Mortgage business grew by 24 per cent to £4.2bn in a stagnating market, partly because of an imaginatively designed remortgage scheme. Prudent management meant that Abbey National was able to hold down its estate agency losses to a relatively modest £16m. It also seems to be breaking even, or perhaps crawling across the frontier into profit, on its cheque book current account.

Elsewhere Abbey National has avoided loss-making new adventures: for example it decided last May not to launch its own credit card and so saved a certain loss of a few million pounds on its profit and loss account this week. It also got out of a £1.6bn gilts portfolio in good time when rising interest rates exposed it to certain losses.

These are real achievements and bode well for the future. Abbey National is also being cautious about how it spends the proceeds of the float, though this is partly because of Bank of England capital requirements which, for technical reasons, are pitched very high for building societies after they convert into banks.

Still, it does not look as if there will be a repeat performance of TSB's expensive purchase of Hill Samuel in the autumn of 1987. Indeed, Abbey National's market performance is looking very different from that of the TSB Group and for an obvious reason: it is carrying on with business lines with which it is familiar.

Does that mean that investors should hang on to their Abbey National shares in anticipation of an even better market performance in 1990 and beyond? Possibly, but the next 12 months look like being far leaner in the housing finance market than 1989.

Abbey National's results came on the same day as another depressing set of UK trade figures. Another bad monthly deficit knocked on the head any lingering hopes of an early fall in interest rates and a swift revival of the housing market.

However, Abbey National is as well positioned as any other mortgage lender to ride out the 1990 depression. When the revival does come, it is poised to be one of the chief beneficiaries. Unlike its rival, Halifax, Abbey National has already got into the continental European markets, and is a mortgage lender in France, Italy, and Spain. It is even making modest plans for a presence in the much more difficult mortgage markets in West Germany after 1992.

On the other hand, not only is its core mortgage business being squeezed, but Abbey National has to earn its living in the overcrowded UK retail banking market where many other larger players are engaged in a cut throat battle for market share.

Again Abbey National seems reasonably well positioned on this front. The clearing banks may all have followed it into the interest-bearing cheque book current market, but Abbey National says that it is not losing money on this operation and may even make a direct profit on it this year.

Analysts forecast that Abbey National will pilot its way through 1990 to increased profits next year with its share

Sir Campbell Adamson, Abbey National chairman

price outperforming the rest of the industry. They may well be right. The sort of misery which has overtaken TSB and Midland Bank does not look likely – on present form – to be in store for Abbey National, but banking and mortgage finance are risky businesses.

For those who want to think a long way ahead, there is the prospect that four-and-a-half years down the road, when its post-flotation statutory protection is up, Abbey National may look like an extremely juicy morsel for a foreign predator. Meanwhile, many of the 4.1m small investors still holding shares, in many cases acquired for free, may well be wondering whether this is not the moment to take the premium on the offer price – and run.

Affordable share dealing services

AN EXECUTION-ONLY share dealing service, charging a flat fee of £10, has been introduced by Manchester-based stockbrokers Pilling & Co for a range of privatised companies and other widely-held shares.

The company said that following the success of its water shares selling scheme, it had decided to expand the service to a larger number of shares. Companies to be included are all other privatisation stocks as well as Abbey National, Euro Disneyland, TSB and Tie Rack.

Under the scheme, you can sell any number of shares in the different companies for the flat fee of £10. No telephone orders are accepted. Instead, shareholders send in their share certificates and Pilling will provide a transfer form to be signed and returned. The completed forms will then be bulked together and the shares sold on a weekly basis at the best market price available at the time of dealing.

Pilling points out that during the "bulking" process the share price could move up or down between receipt and execution of the order to sell. It feels the service, made possible by the installation of computerised procedures, will enable small private investors, in particular, to sell their holdings at a reasonable dealing cost.

Another private client stockbroker, Henderson Crosthwaite, is also trying to make life easier for shareholders wishing to take advantage of the new system of independent taxation for married couples by transferring assets.

It has launched a fixed price stock transfer service. Specially designed stock transfer forms are provided with clear guidance on how they should be filled in, according to your requirements, for example, if you want the shares in joint or individual ownership.

You return these forms with the share certificate and Henderson Crosthwaite does the rest and sends back a certified copy of the form, which acts a formal, documented record of the transfer and gift as evidence for the Inland Revenue.

Henderson Crosthwaite recommends individual ownership for stockmarket investments. It notes that if shares are held in joint names, the Revenue assumes they are split 50/50 unless the holdings are specifically itemised on a declaration form, which would have to be amended after every transaction.

The service costs £12 per transfer. Forms and advice can be obtained from the company's Share Transfer Hotline (01 283 8577).

Sun Life has effectively reduced premiums on certain life policies by up to 33 per cent "to reflect encouraging evidence concerning AIDS and its effect on married couples."

The company says recent evidence suggested the likely effect of AIDS would be less than previously thought for married individuals.

As a result, it is increasing the amount of life cover for younger married people by up to 50 per cent, while premiums stay the same, for its flexible whole of life policies. These contracts can be used either for family protection, inheritance tax provision, keyman insurance and partnership purposes.

Scottish Widows is belatedly launching a Personal Equity Plan (PEP) just before the deadline for taking out 1989/90 plans.

It is offering a 1 per cent discount for all applications received before March 27 (its deadline for 1989/90 plans) but in addition investors will automatically qualify for a 1 per cent discount on 1990/91 plans.

There is a choice of two plans, either income or growth, and you can invest either £2,400 or £4,800. In both cases the first £2,400 goes into an appropriate Scottish Widows unit trust and the rest into a managed portfolio of five selected shares.

John Edwards

Barry Riley finds world sympathy in short supply as the Japanese myth dies a death

Tokyo's tumble puts the brakes on a marvellous ride for investors

THE MYTH that the Japanese stock market can only go up, and that it is underpinned by a powerful conspiracy comprising Japanese industry, finance and government, has died a death in the past two weeks.

While the rest of the world has watched with about as much sympathy as Wall Street showed towards the collapsing Drexel Burnham Lambert, some 3,600 points, or almost 10 per cent, have been sliced off the previously all-conquering Nikkei Dow Index.

Where does this leave investors, especially those who have put their money into the 70-odd specialist Japanese unit trusts? Just before the Tokyo slide, these funds were worth a hefty £3.8bn.

Over the years Japan has served investors extremely well. If you had salted away money in a typical Japanese unit trust at the beginning of the 1980s, then it would have multiplied in value more than tenfold in sterling terms by the end of the decade. About half the gain came from the rapid appreciation of the yen against sterling, especially during the middle of the decade (the yen has not risen against the pound since 1986), but the Japanese stock market was also consistently firm.

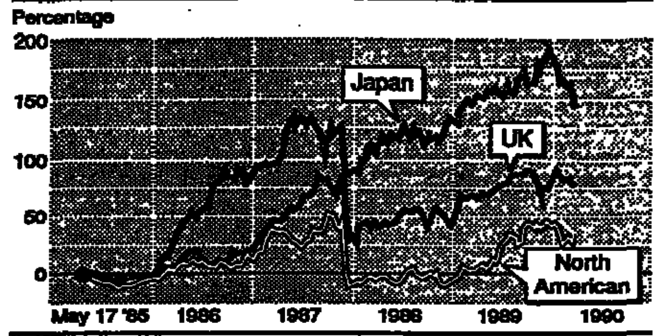
During the past five years seven out of the top ten best-performing UK authorised unit trusts have been Japanese specialists. Even in 1989, a relatively poor year for the Tokyo market, two out of the top 10 were Japanese. But they were smaller company niche funds, underlining that the steam had already gone out of the leading Tokyo stocks last year.

As it happened, foreign fund managers did relatively well in Japan last year. Generally speaking, foreigners are light in the hugely valuable and expensive banks and other financial stocks, and concentrate on the industrial stocks and smaller companies, where values often seem better to Western eyes. Because the banks languished, the foreign fund managers tended to outperform the Tokyo indices.

In fact, the average Japanese unit trust returned 28 per cent in 1989, against a gain of only 15 per cent by the Japanese sub-index of the FT-Actuaries World Index series. So the Japanese specialists beat the average unit trust return yet again.

But later in 1989 the Tokyo market picked up more

Comparative performance of median unit trusts



broadly. As the memories faded of the earlier political scandals and the rapid turnover of prime ministers, confidence grew about the ability of the ruling Liberal Democratic Party to hold on to an effective majority in the February elections. Meanwhile interest rates remained low, in spite of excessive monetary growth and spiralling property prices.

So the Nikkei index zoomed from 35,000 to an all-time peak of almost 39,000 on December 29. But it has dropped some 13 per cent from that peak, returning to levels seen in June and July last year.

That might not seem too alarming, given that in the UK the FT-SE 100 Index has dropped more than 15 per cent over the same period. But Tokyo suffered a sudden loss of confidence last month in the face of evidence of a split between the Bank of Japan, which wants to put up interest rates and fight inflation, and wants to see lower land and share prices, and the Ministry of Finance, which has long favoured rising share values.

Japanese share prices were not always ludicrously high, but they have increasingly become so in recent years.

Most foreigners find it impossible to justify owning shares on the basis of dividend yields of 0.5 per cent and price-earnings ratios of 60-odd (though industrial shares are usually a bit cheaper). So foreigners have been steadily selling in the past few years and the Japanese themselves have been rapidly diversifying into overseas investments.

Tokyo has offered a marvellous ride for investors, but it looks as though it is over. For several years, many Japanese share prices have lost all touch with the conventional fundamentals and the main justification for holding them has been simply that they have continued to go up. The surge of liquidity in Japan and the power of the big Japanese securities houses have carried them ever-higher.

Analysts suggest that there will be plenty of support at around the 32,000 level on the Nikkei, but Japanese stocks remain highly risky. Major financial changes are taking place in Japan as the authorities at last react to the asset price bubble. It is time to take some profits.

FINANCE & THE FAMILY

The Week Ahead

Healthier times at Fisons

FISONS, the drugs, horticulture and scientific instruments group, is expected to unveil a healthy rise in profits on Tuesday when it announces its results for the year to December 31. Analysts are anticipating a pre-tax figure of about £170m, up by around 28 per cent on the 1988 figure of £132.1m.

John Kerridge, Fisons' chairman, pulled off a coup in December when buying, for £270m, VG Instruments, a leading UK instrument maker, in a move which put Fisons in the number four position in analytical instruments worldwide.

City onlookers are generally positive about this development, which bolsters Fisons' claim to have a second strong business area after its pharmaceuticals division. The latter accounts for 75 per cent of profits although only about two-fifths of sales.

Although Fisons may be riding high in instruments, some analysts have their doubts about the company's position in drugs. There continues to be some worry about the long-term performance of the company in its main area of asthma medicines and it is not at all clear what the company has in its drug-development pipeline to will provide good profits five years ahead.

A strong performance in Europe and North America is set to help BICC, the cable and construction group, lift its pre-tax profits and earnings by about 15 per cent to around £200m and 45p when its reports its finals for 1989 on Wednesday. Power and telecommunication cables have been doing well in both markets and will more than make up for weak results from Australia, reflecting the stickiness of the economy there. Balfour Beatty's heavy engineering side should have had a good year, although housebuilding in Britain is likely to be flat at best.

Ladbroke Group, the international leisure company with interests spanning hotels, betting, and DIY, is expected to report annual pre-tax profits around the £300m markon Thursday, showing growth of around 20 per cent.

The Hilton hotels are thought to have performed well during the year, helped by their wide geographical spread. However, further questions are likely to be asked about John Jarvis's abrupt departure as head of the Hilton group last month.

Ladbroke's racing interests are also expected to have traded strongly although they will be partly offset by weaker performances from the company's activities in the stretched property and retail sectors.

ADT, the Bermuda-based international services group, is expected to produce an increase of more than 30 per cent in pre-tax profits to about $290m (£174m) when it reports its results for last year on Thursday, but a rights issue means that earnings are likely to be up by a more modest 12 per cent to about 26 cents.

Analysts will be looking to see whether its car auction business has been affected by a downturn in spending by the British consumer. In the US, interest will centre on how quickly ADT is progressing with plans to reduce the number of central monitoring stations for its electronic security alarms business.

TI Group, the much-restructured specialist engineering group, announces its final results on Thursday with analysts expecting another healthy advance in pre-tax profits to £100m-£101m. The earnings per share increment is forecast to be somewhat below the 25 per cent growth rate to which investors have become accustomed, at around 19 per cent. In today's more difficult economic climate, however, this should still compare favourably with the sector.

The size of the company's net cash position will be of interest in the light of recent disposals, with a figure of about £18m anticipated. This should clearly stand TI in good stead at a time when some rivals are counting the cost of increased debt servicing expenses.

This time last year Coats Viyella delivered a nasty shock to the City by announcing a sharp fall in pre-tax profits because of the troubles of the textile industry. The industry is still troubled but – after a year of painful rationalisation – Coats is thought to have stabilised.

The City expects it to announce a *slight* fall in pre-tax profits – from £135m to £130m – when its 1989 results come out on Thursday. Looking to the future, shareholders are waiting to see whether Coats will renew its bid for Tootal, its fellow UK textile group, later this year.

The mood of the marketing services sector may seem a little less gloomy when the WPP Group announces its results for 1989 on Thursday. The City expects pre-tax profits to rise from £40.3m to around £75m.

WPP's performance will have been buoyed by its first six month contribution from Ogilvy & Mather, the New York-based advertising agency it acquired after a bitter bid battle last summer.

Some of the group's non-advertising interests – such as its retail design companies, Walker Group in the US and Stewart McColl in the UK – have suffered from a slowdown in expenditure. But the full effects of the slump in UK advertising will not have been felt by WPP's large London agencies until this year. Full-year profits at Pentos, the retail and office furniture group, are expected to show a degree of resilience in the face of the consumer spending downturn when the company reports on Thursday. Pre-tax profits of around £12.7m are anticipated, versus £11m a year ago. Growth in earnings per share is likely to be constrained to under 8 per cent, however, owing to higher tax provisions.

Interest will focus on the extent to which sales growth has slowed at Dillons Bookstores and the Athena poster and book chain in the second half. Figures from the Ryman stationery chain – likely to be harder hit by lower consumer spending - will also be closely scrutinised, as will the company's rising interest bill. The strongest performance is anticipated once again from the office furniture business.

COMPANY NEWS: TAKE-OVER BIDS AND MERGERS

Prices in pence unless otherwise indicated

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
ABB Kent (Hldgs.)	178*§	176	153	135.27	ABB Investments
Alexander (W.)‡	113*	113	112	32.02	Spoffaunch
Camford Eng.	306*	311	244	57.92	Markheath
Chemoxy Intl.	409	410	268	12.69	MTM
Chemoxy Intl.	450*	410	268	13.30	Suter
Colonnade Dev.	163*§	165	161	8.24	Plusflow
Contl.& Ind. Tst.	960	945	843	164.00	Transatlantic
GPG‡	17*	23	23	55.0	IEP
Hartwell	155*§	156	120	122.55	Oakhill
Do. 7.875pc Pf	142.1*§	145	104	49.75	Oakhill
Hyman	30*§	29	$26\frac{1}{2}$	15.84	ER Carpenter
Intl. City Hldgs.	31	28	34	21.06	York Trust Grp.
Jitra Rubber	53	50	50	5.88	Rowe Evans Invs.
Just Rubber	140*	135	72	10.5	Scapa Group
Laing Properties	650*§	664	564	390.80	Pall Mall Props.
Malmmet Hldgs.	10*§	11	60	0.63	ISS
Norfolk Cap.‡	38§	$38\frac{1}{4}$	$36\frac{1}{4}$	161.32	Queens Moat
Paragon Comms.	145	148	128	7.88	Shandwick
Really Useful Grp	233*§	236	218	77.4	Jorraban (No.26)
Runciman (Walter)	520*§	535	472	46.8	AB Arena
SAC Intl.	112	113	117	22.68	Ricardo Grp.
Saga Group‡	300*§	299	294	54.24	De Haan
Saltire Ins Invs	78.75§§	68	60	11.81	ESR
Sanderson Murray	175*	198	150	3.325	Rickett Mitchell
Tavern Leisure	30	31	36	7.65	Millwall Hldgs.
Woodington‡	31	32	42	6.89	Bridgend Group

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held.¶Unconditional.**Based on 2.30pm prices 2/3/90.†At suspension. §§Shares and cash.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
AAF Investments	Dec	3,030	(7,852)	17.5	(13.9)	10.0	(6.5)
Abbey National	Dec††	501,000	(414,009)	27.3	(24.5)	5.7	(-)
Admiral Computing	Dec	2,650	(1,610)	16.2	(9.2)	3.5	(2.55)
Alexier Hldgs.	Sept	920	(680)	-	(-)	-	(-)
AMS Industries	Nov	509	(285)	1.07	(0.61)	1.5	(1.5)
Ansbacher Henry	Dec	10,140	(7,200)	3.5	(2.6)	2.5	(2.0)
Appleyard Group	Dec	11,110	(9,032)	22.4	(22.4)	7.8	(6.6)
ASW Holdings	Dec	40,400	(31,800)	30.6	(24.7)	11.0	(5.0)
Baltic	Dec	14,810	(11,820)	21.4	(17.0)	4.0	(3.36)
Barclays	Dec	692,000	(1.391bn)	40.4	(87.8)	27.4	(23.0)
Bensons Crisps	Nov	1,250	(1,030)	11.9	(9.3)	2.25	(1.75)
Blue Circle SA	Dec##	119,400	(92,800)	330	(305)	110	(100)
British Kidney	Dec	116●	(97●)	14.0	(11.6)	12.5	(10.6)
BWD Securities	Nov	1,710	(822)	6.7	(6.2)	3.75	(2.5)
Cad. Schweppes	Dec	251,000	(215,700)	24.9	(23.5)	10.7	(9.2)
Caldwell Invests	Oct	166 L	(163)	-	(2.27)	-	(-)
Capital & Counts	Dec	51,360	(43,500)	23.0	(20.3)	12.0	(10.5)
Chieftain Group	Dec	1,320	(1,027)	10.5	(9.35)	4.5	(1.0)
Commercial Union	Dec	150,500	(201,800)	21.7	(28.9)	21.5	(19.0)
Contl & Indust.	Dec	68,100	(52,500)	17.5	(15.5)	12.0	(10.0)
Cooper Alan	Dec	3,080	(2,730)	19.1	(17.0)	7.7	(6.8)
Fife Indmar	Dec	1,210	(509)	9.12	(6.15)	4.125	(3.75)
First Scott Amer	Jan	15,000§§	(10,470§§)	23.1	(17.3)	21.0	(16.8)
Foreign & Colon.	Dec	21,200●	(17,100●)	2.87	(2.27)	2.6	(2.26)
Freeman Group	Dec	2,460	(1,980)	26.0	(23.7)	8.1	(6.75)
General Accident	Dec	147,000	(294,000)	65.3	(108)	50.0	(44.0)
Grafton Group	Dec§	3,810	(2,190)	19.2	(13.3)	5.0	(4.0)
Greenwich Comm.	Aug	636 L	(683 L)	-	(-)	-	(-)
Jones & Shipman	Dec♣	1,710	(1,118)	8.6	(6.2)	1.5♥	(4.5)
LASMO	Dec	80,000	(16,000)	23.7	(12.0)	11.25	(8.5)
Lloyds Abbey	Dec	294,600	(303,200)	29.8	(30.5)	17.0	(13.5)
Lloyds Bank	Dec	715m L	(852,000)	-	(51.0)	13.3	(11.2)
LWT Holdings	Dec‡	46,034	(15,827)	31.4	(15.1)	62.4†	(5.7)
McAlpine Alfred	Oct	23,600	(20,500)	31.0	(38.6)	16.1	(16.1)
MTM	Dec	9,300	(6,600)	17.0	(14.5)	4.2	(3.5)
Murray Int'l Tst	Dec	14,070©	(9,190©)	11.9	(7.77)	9.2	(7.0)
Pacific Assets	Jan	172#	(105#)	1.43	(0.87)	0.875	(0.85)
Porvair	Nov	758	(1,350)	6.3	(13.3)	2.7	(1.8)
Printech	Dec§	1,850	(2,010)	6.4	(8.3)	1.1	(2.5)
Rodime	Sep‡‡	41,500L	(25,700L)	-	(-)	-	(-)
Royal Insurance	Dec	128,000	(223,000)	18.6	(32.1)	25.5	(22.5)
Sedgwick Group	Dec	85,200	(77,900)	13.3	(12.1)	12.0	(12.0)
Stat-Plus	Dec	5,320	(5,040)	16.2	(15.1)	5.5	(3.5)
STC	Dec	278,000	(230,000)	31.7	(26.2)	11.0	(9.0)
Takare	Dec	2,150	(1,040)	18.1	(11.4)	2.7	(1.0)
Thai Euro Fund	Dec§§	1,940©	(1,080©)	-	(-)	-	(-)
Tozer Kemsley	Dec	52,620	(44,200)	14.5	(11.7)	5.0	(4.0)
Unilever	Dec	1.8bn	(1.45bn)	56.4	(44.7)	16.75	(13.4)
Vickers	Dec	83,600	(69,800)	23.3	(19.3)	8.9	(7.5)
Williams Hldgs.	Dec	153,500	(116,000)	27.1	(26.0)	11.6	(10.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Alpha Estates	Dec	330	(130)	1.0	(-)
Alumasc Group	Dec	2,220	(2,080)	2.85	(2.65)
Armitage Brothers	Dec	508	(459)	2.4	(2.2)
Countyglen	Oct§	445	(275 L)	-	(-)
Courtney Pope	Nov	1,870	(1,840)	3.75	(3.5)
Creston	Dec	252	(259)	0.7	(0.7)
Eleco Holdings	Dec	2,670	(2,830)	2.3	(2.2)
Ewart	Oct	305	(433)	-	(0.62)
Gartmore Value Invs.	Jan	1,980©	(-)	0.8‡	(-)
Goodwin	Oct	71	(493 L)	-	(-)
Int'l. Colour Man.	Dec	1,710 L	(686 L)	0.5	(0.5)
Isotron	Dec	1,350	(1,150)	1.05	(0.87)
Jos Holdings	Jan	223	(176)	1.12	(1.0)
Macro 4	Dec	3,280	(2,780)	3.7	(1.9)
Manganese Bronze	Jan	2,780	(2,300)	3.5	(3.0)
Microfilm Reprograph	Dec	3,260	(2,450)	1.5	(1.13)
Murray Income Trust	Dec	4,280©	(3,670©)	5.64	(3.5)
Norex	Dec	1,160	(701)	-	(-)
NWF	Nov	315	(89)	-	(-)
Polypipe	Dec	5,080	(3,781)	1.1	(0.92)
Ramus Holdings	Dec	34	(801)	1.6	(2.5)
SEET	Oct	133 L	(168)	1.6	(1.6)
Sheldon Jones	Dec	147	(112)	1.35	(1.35)
SWP Group	Dec	561	(534)	-	(-)
TR City of London	Dec	5,322●	(4,260●)	1.03	(0.77)
Usher Frank Holdings	Nov	708	(634)	2.0	(2.0)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.‡ This year's figures for a 17 month period to December 31 1989 against 12 months to July 31 1988.† Dividend includes 2nd interim of 60p paid as part of capital reorganisation.§ Irish punts & pence.§§ This years figures for 16 months to Oct 31 1989 against 12 months to June 30 1988.♥ 2nd interim dividend.♣ 2nd interim results due to year end change.# Net profits.© Net revenue.● Revenue before tax.◆ This years figures for a 7 month period against 6 months last year.‡ 3rd interim dividend.§§ Gross income.‡‡ After tax loss in US$ dollars.†† Proforma earnings per share.§§ US dollars.## Figures in South African rands & cents.

RIGHTS ISSUES

Leigh Interests is to raise £35.6m via a one-for-three rights issue at 280p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

ADG Group is to join the USM via a placing of 10.4m shares at 14p.
Invergordon Distillers hopes to obtain a Stock Exchange quotation within the next two months.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
ADT	Thursday†	5.04	10.1	6.9
Anglo American Gold Inv. Co.	Thursday♣	650.0	700.0	650.0
Antofagasta Holdings	Thursday	4.0	9.0	5.0
Baynes Charles	Thursday	-	0.5	0.25
BICC	Wednesday	4.75	11.25	5.75
Blagden Industries	Tuesday	3.9	4.5	4.2
Braime TF & JH Holdings	Tuesday	2.0	5.0	2.0
Capita Group	Monday	-	-	0.8
City & Commercial Invest. Tst.	Monday	2.98	3.455	3.4
Clinton Cards	Tuesday	1.0	2.53	1.2
Coats Viyella	Thursday	3.0	6.0	3.0
Consolidated Venture Trust	Monday	-	0.35	-
Cowie T	Wednesday	1.2	4.0	1.2
Creata Holdings	Monday	0.5	1.0	0.6
CRH	Wednesday‡	1.5	3.05	1.75
Cussins Property Group	Thursday	3.15	5.1	3.75
De Beers Consolidated Mines	Tuesday♣	45.0	155.0	62.5
Expamet International	Tuesday	3.4	5.3	3.8
Fairey Group	Wednesday	-	-	2.4
Fisons	Tuesday	1.9	3.1	2.35
Fleming Mercantile Inv. Tst.	Tuesday	1.65	3.05	1.8
Forward Technology Industries	Thursday	0.6	1.2	0.6
GKN	Wednesday	6.25	10.75	7.5
Greggs	Tuesday	3.125	7.0	4.0
Heywood Williams Group	Wednesday	4.0	7.5	4.5
Instem	Wednesday	1.0	1.5	1.0
Jourdan Thomas	Monday	1.5	4.1	1.5
Ladbroke Group	Thursday	3.45	4.705	4.14
Life Sciences International	Wednesday	0.5	1.1	0.8
Mersey Docks & Harbour Co.	Wednesday	-	-	1.33
Metal Bulletin	Wednesday	1.85	3.45	2.1
Microvitec	Wednesday	0.75	1.0	0.75
More O'Ferrall	Wednesday	2.4	7.6	3.2
MTL Instruments Group	Thursday	-	2.0	1.0
Needler Group	Monday♥	3.0	6.8	3.15
Nichols JN (Vimto)	Thursday	3.5	5.1	4.0
Pacer Systems	Tuesday†	2.5	3.0	3.0
Pentland Group	Thursday	0.75	1.45	0.9
Pentos	Thursday	0.4	1.4	0.5
Perry Group	Friday	2.75	6.25	2.75
Persimmon	Monday	1.5	3.5	2.0
Pickwick Group	Wednesday	1.0	2.25	1.25
Polygram International	Wednesday	-	-	-
Ransomes	Monday	1.75	5.5	1.95
Robinson Thomas Group	Tuesday	4.0	8.0	6.0
Sandvik AB	Thursday§§	-	6.0	-
Serco Group	Monday	-	5.0	3.0
Singapore Para Rubber Estates	Wednesday	-	1.55	-
Sumit	Monday	1.2	3.3	1.5
Templeton Galbraith & Hans.	Tuesday†	3.5	7.5	4.0
TI Group	Thursday	4.75	8.75	5.75
TLS Range	Wednesday	-	-	-
Ultramar	Wednesday	2.6	5.0	3.0
Unidare	Monday‡	3.35	9.35	3.56
Victaulic	Tuesday	3.0	5.5	3.25
Wartsila OY	Tuesday©	-	7.8	-
Wates City of London Props.	Tuesday	0.77	2.31	0.77
Watmoughs Holdings	Tuesday	2.0	6.5	2.5
WPP Group	Thursday	5.4	12.4	11.3
Woodchester Investments	Thursday‡	0.75	1.125	1.0
Wyevale Garden Centres	Tuesday	1.4	3.1	1.8
INTERIM DIVIDENDS				
Bailey Ben Construction	Thursday	1.0	2.8	-
Brierley Investments	Thursday●	4.5	5.6	-
Cala	Thursday	1.05	2.25	-
Chelsea Man	Tuesday	0.8	2.1◆	-
Domestic & General Group	Wednesday	2.73	5.5	-
Galliford	Wednesday	0.85	3.05	-
Gent SR	Wednesday	1.0	1.5	-
Green Ernest & Partners Hldgs.	Monday	2.25	4.0	-
Haggas John	Tuesday	1.0	2.0	-
Harrisons Malaysian Plants.	Wednesday‡	5.0	5.0	-
Intereurope Technology Serv.	Tuesday	2.0	5.0	-
Lawtex	Wednesday	0.5	1.5	-
Mucklow A&J Group	Thursday	3.71	5.20	-
Nesco Investments	Monday	1.0	-	-
Raine Industries	Tuesday	1.5	3.5	-
Ramar Textiles	Thursday	-	1.75	-
Sime Darby Berhad	Monday‡	5.0	12.0	-
Sinclair William Holdings	Wednesday	1.25	4.0	-
Sunset & Vine	Tuesday	-	1.5	-
Synapse Computer Services	Wednesday	-	3.7	-
Waterman Partnership Holdings	Tuesday	2.0	4.0	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.‡ Malaysian sen per share gross.● New Zealand cents per share.© Finish markka per share gross.‡ Irish pence.† US cents.§§ Swedish krona per share gross.♣ South African cents.§ 2nd interim dividend.♥ Canadian cents.◆ Dividend payment for a 14 month period.

FINANCE & THE FAMILY

Unit Trust Ombudsman

Advice for the layman

Adrian Parsons

THE LATE Neville Cardus, the doyen of cricket writers, in a pen portrait of the late Sir Leary Constantine, said that to teach a West Indian to bowl slow, you must start with his grandfather.

Paraphrasing this idea, you could say that to sell unit trusts to the public, you must first explain what shares are as an investment media and how the stock market operates, before one can attempt the task of explaining the benefits of unit trusts.

The need for such an approach is highlighted by the first report from the Unit Trust Ombudsman, Adrian Parsons, published this week.

The majority of complaints handled by him during the first 15 months since the formation of the Unit Trust Ombusman scheme relate to the heady summer of 1987, when unit trust salesmen were enjoying a bonanza sales period and did not have to worry about the niceties of the financial services regulations.

Parsons found three main areas of misunderstanding, admittedly from a minute proportion of sales.

First, investors did not understand the meaning of investment risk.

This expression is used very loosely by fund managers and intermediaries have copied them in their sales pitches to the public without realising it can have a completely different meaning for the layman.

As the ombudsman points out in his report, many people consider risk as the chance of the investment managers running off with their money. So if they invest with a management group that is large and reputable, they consider their money is safe and that it cannot fall in value. Others, having the concept of risk explained, consider that while the income can vary, their original capital is still safe.

Ironically, in practice it is usually the other way round. Income from unit trusts tends to be remarkably stable while the capital value is volatile.

Second, some investors are confused over the mechanics of unit trust operations, particularly when taking income from their investment.

Weaned primarily on deposit based savings, they assume that the projected growth from a unit trust investment comes from the income element and that, when they take income, they are still leaving their capital undisturbed.

Finally, there is a general misunderstanding about the unsuitability of equity based investments as a short-term holding, when the investor expects to need cash within a few months.

Take these three factors together in the 1987 environment and you have the ingredients of a fair old mess when the stockmarket falls as it did in October of that year.

Consider the following complaint which Parsons unveiled at this week's press conference.

In August 1987, at the height of the unit trust boom, Mr A, who was blind, was discussing insurance matters with his intermediary Mr C, a company representative.

During this conversation, Mr C brought up the subject of lump sum investment in unit trusts. Mr A thought that his brother-in-law, Mr B, a gardener employed by the local council, who had money on deposit, would be interested.

A meeting was arranged between all three during Mr B's lunch hour. Mr C handed over the relevant literature on the trusts, but since Mr B did not have his spectacles with him and Mr A was blind, the literature was explained verbally but not read.

Nevertheless, Mr B signed an application form on the spot. They then went to his bank and drew a cheque in favour of the unit trust company.

October came and Mr A and Mr B discovered the hard way the meaning of risk.

In a panic, since Mr B had invested most of his savings, they contacted Mr C and despite his advice to hold on to the units, Mr B cashed in his units at the bottom of the market, incurring a substantial loss.

The ombudsman upheld their complaint, but the compensation paid did not fully cover the losses, since he held that Mr B had to take on himself some of the consequences of his actions. This example explains why Parsons is concerned about wrong selling or overselling of unit trusts, particularly to the elderly.

Now with most unit trust sales of this sort there is a "cooling-off" period after the sale. The investor is sent details of what he has bought and, without the presence of a salesman, you are given 14 days in which you can change your mind and claim your money back, less an allowance for any fall in the market during this period.

Complaints Commissioner

THE Complaints Bureau has been given a clean bill of health by the Complaints Commissioner, Sir Gordon Downey.

In his first annual report, he concludes that there was no justifiable complaint about the work of the Bureau, operated by The Securities Association (TSA) and the International Stock Exchange (ISE). It handled complaints conscientiously, promptly and without bias either against investors making complaints or the the firms against which the complaints were made.

The TSA/ISE Complaints Bureau does not operate on the ombudsman/referee system of other self regulatory organisations — its function is solely conciliatory and its recommendations are not binding. Those wishing to pursue their claim either go to arbitration within the TSA complaints procedures or go to Court.

The role of the Complaints Commissioner is to monitor the work of the Bureau and consider whether it is handling complaints "fairly, properly and expeditiously". Last year, Downey made random checks on 76 cases and had a further 19 addressed directly to him.

In only three of the 76 cases, did he express dissatisfaction with the Bureau's handling and he was subsequently satisfied with remedial action taken. Last year, the Bureau received 1,518 references — nearly one third fewer than in the previous year — of which roughly half were enquiries.

Eric Short

John Edwards on exceptions and special deals

Mortgages that aim to soften the blow

THE STANDARD mortgage rate has now been established at around 15.4 per cent, with all the major banks (except Barclays) and building societies following Abbey National's lead. But there are quite a few exceptions and special deals.

Bristol & West, the 10th biggest building society, has promised not to consider any increase in its mortgage rate until after the Budget. However, the latest trade figures suggest that the Chancellor is unlikely to make any moves to lower interest rates, so any lenders that have not raised their rates so far will probably be forced to fall into line shortly.

There is, therefore, little point in borrowers chasing short-term bargains from lenders who may well put up their rates even higher in a few weeks.

In any event, as the Mortgage Corporation pointed out this week nominal quoted interest rates can be misleading. The annual percentage rate (APR) that has to quoted too should show the true cost of borrowing and this can vary considerably, dependent on the method of calculation. For example the APR on a nominal rate of 15.4 per cent varies between 16.5 (Leeds Permanent) to 17 (Halifax repayment mortgage). The Woolwich would appear to be most competitive with a nominal rate of 15.25 per cent, the APR is 16.5 for an endowment and 16.6 for a repayment mortgage.

Many lenders have tried to "soften the blow" by offering special deals to new borrowers and first-time buyers. Bradford & Bingley, for example, say new borrowers will receive a 0.9 per cent discount on the standard rate until December and Cheltenham & Gloucester are giving a 0.75 per cent discount until the end of the year. This is all very well for new borrowers, and first time buyers. But these are only temporary discounts (for limited periods) and it is worth remembering that they are effectively being subsidised by existing borrowers.

Several lenders, including Abbey National and Halifax, offer special discounts for larger mortgages. The Halifax (and Abbey) have increased this discount for loans of over £60,000 from 0.55 to 0.7 per cent resulting in a rate of 14.7 per cent (16 APR). The Halifax has extended this further from March 1 by giving a bigger discount, of 0.8 per cent, on loans of over £100,000 cutting the rate to 14.6 (15.8 APR).

> 'There is little point in chasing short-term bargains'

Household Mortgage Corporation, meanwhile, this week launched an interest only mortgage, with the maximum "capped" at 14.75 per cent until the end of September. After September the rate will be switched to the Corporation's standard variable rate, currently 15.65 per cent (16.8 APR). But if the standard rate falls below 14.75 per cent before the end of September, the "capped" rate will be reduced too. So you are in a no lose situation for six months.

At the same time, you can choose your own method of repayment, which means you can keep the cost down in the early years although it should be borne in mind that the lack of a repayment vehicle means your house could be risk.

Additionally the maximum term of loan is extended to 40 years, so it will be available to younger borrowers as well. There are redemption fees equivalent to three months interest if you cancel the mortgage in the first year, dropping to one month's interest or one month's notice after three years. There is an initial arrangement fee of £160. which can be added to the loan.

Rising mortgage rates have triggered an increase in investment returns for savers. New increases are being announced almost daily as the societies battle to attract funds.

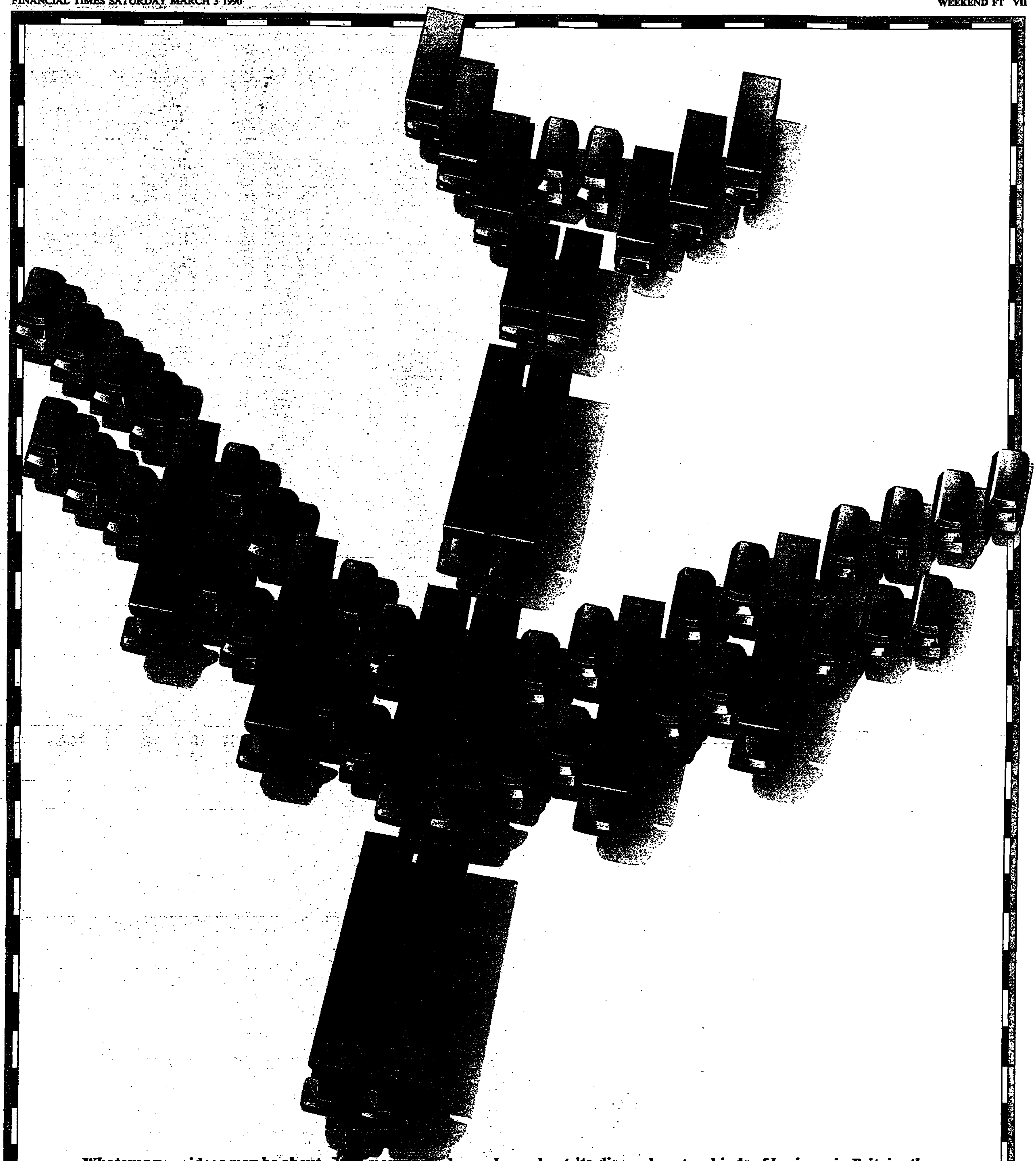
Top rates offered by Abbey National and Halifax have moved up to 12.25 per cent net, after payment of composite rate tax, but some societies are paying over 13 per cent net on certain accounts. So it is worth shopping around for special offers.

■ Girobank is raising the interest rate it pays on its Keyway current account from 7.25 to 9 per cent net. This puts it way ahead of other interest-bearing current accounts, especially since the 9 per cent is a flat rate paid on all deposits over £1.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

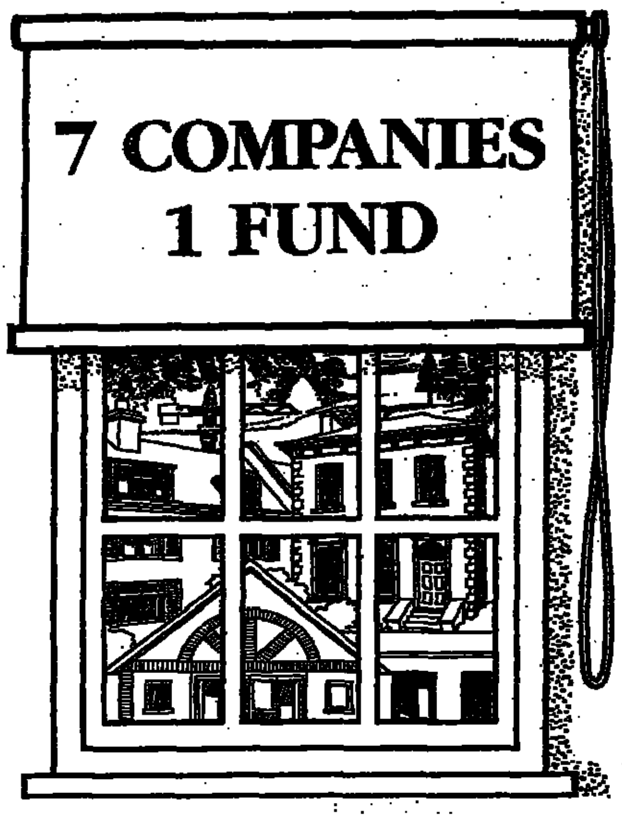
	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
Deposit account	5.00	5.10	4.08	monthly	1	-	0-7
High interest cheque	7.00	7.20	5.76	monthly	1	500-4,999	0
High interest cheque	9.00	9.40	7.52	monthly	1	5,000-9,999	0
High interest cheque	9.20	9.60	7.68	monthly	1	10,000-49,999	0
High interest cheque	9.50	9.90	7.92	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	6.50	6.61	5.29	half-yearly	1	1-250,000	0
High interest access	8.50	8.50	6.80	yearly	1	500	0
High interest access	9.00	9.00	7.20	yearly	1	2,000	0
High interest access	9.50	9.50	7.60	yearly	1	5,000	0
High interest access	9.75	9.75	7.80	yearly	1	10,000	0
90-day	9.75	9.99	7.99	half yearly	1	500-9,999	90
90-day	10.25	10.51	8.40	half yearly	1	10,000-24,999	90
90-day	10.75	11.04	8.83	half yearly	1	25,000	90
NATIONAL SAVINGS§							
Investment account	11.75	8.81	7.05	yearly	2	5-25,000	1 mth
Income bonds	12.50	9.93	7.94	monthly	2	2,000-25,000	3 mths
Capital bonds	12.00	9.00	7.20	yearly	2	100 min.	3 mths
34th issue‡	7.50	7.50	7.50	not applica	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	10.78	11.31	9.05	monthly	1	2,500	0
Provincial Bank	11.05	11.59	9.27	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
8pc Treasury 1991	13.71	11.68	10.31	half yearly	4	-	0
8pc Treasury 1992	13.50	10.38	10.08	half yearly	4	-	0
10.25pc Exchequer 1995	12.36	9.65	8.03	half yearly	4	-	0
8.5pc Treasury 1994	12.71	10.40	9.01	half yearly	4	-	0
3pc Treasury 1992	11.28	10.44	9.94	half yearly	4	-	0
Index-linked 2pc1992§§	9.66	9.24	8.93	half yearly	2/4	-	0

*Lloyds Bank. †Halifax 90-day; immediate access for balances over £5,000. ‡ Special facility for extra £10,000 §Source: Phillips and Drew. §§Assumes 5.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.



SUN LIFE BESRES IV SCHEME

This Scheme offers a choice of investment ranging from seven Companies (Besres Companies) to an Approved BES Fund. The closing date is April 5th 1990.



• **FREEDOM TO CHOOSE**

The seven Companies advised by Sun Life Investment Management Services Limited (SLIMS), will invest in residential property which will be rented out on an assured tenancy basis. The objectives of all the Companies will be to maximise returns over five years, based on capital gain and rental income, according to the opportunities available from each Company's investment specialisation.

- The regional Besres Companies; **Scotland, North, Midland** and **South** will give a choice amongst the regions and an early tax relief certificate.
- **BesRes Development plc** will specialise in acquiring and building on 'greenfield' sites in order to add potential development profit to other sources of gain.
- **BesRes Lakeland plc** will invest in and around the Lake District. It will utilise, where possible, special permissions to acquire sites unavailable to 'outsiders' by renting to locally employed people for the first five years.
- **BesRes Campus plc** plans to offer the unique strategy of selling back all property assets to the University of Lancaster after providing on-campus university accommodation for at least five years.

• **OR FREEDOM FROM CHOICE**

Subscriptions to an Inland Revenue Approved BES Fund will be invested by SLIMS in Besres Companies. SLIMS will select those regions or investment specialisations, which it thinks will achieve maximum investment returns over five years. SLIMS will, however, spread the investment across at least four Companies so as to increase security through diversification.

• **THE ROLE OF SLIMS**

SLIMS sponsors the Scheme and acts as adviser to all the Besres Companies. Its BES business functions are:

- to advise the Besres Companies on all aspects of their business and the achievement of exit routes in five years time; and
- to package and offer the advisory and administrative services of the Sun Life Group to cut down costs to investors.

1. This Scheme involves investment in unquoted Companies which carry higher risks than investment in quoted Companies.
2. The Investment Management Regulatory Organisation (IMRO) regulates the conduct of the investment business of SLIMS outlined in this advertisement.
3. Expert advice should be sought before investing in BES schemes.
4. Applications to subscribe will be accepted only on the terms and conditions set out in the Scheme Document.

• **YOUR FUND INVESTMENT – IF YOU CHANGE YOUR MIND**

You have 7 days to reconsider your investment in the Fund. You can receive full details of the whole Scheme now without obligation.

ACT NOW

Fill in this coupon and post it (no stamp needed) to:
SUN LIFE, P.O. BOX 520, FREEPOST, BRISTOL BS99 1SL
Please send me a copy of the BESRES IV Scheme Document.

Name (in full) ____________________
Address ____________________
____________________ Postcode ________

or simply call:

FREE OF CHARGE on 0800 272127
LINES OPEN 24 HOURS PLEASE QUOTE REF 1041X2

If you wish to receive any information on future Sun Life product offers, please tick the box. ☐

SUN LIFE
DIRECT MARKETING

Sun Life Direct Marketing Ltd. Registered in England No. 596344
Appointed Representative of SLIMS (Member of IMRO)
Registered in England No. 1415048 Registered Office: 107 Cheapside, London EC2V 6DU.

FINANCE & THE FAMILY

Terry Dodsworth looks at the new independent taxation system

Hefty gains can reward the couples who plan efficiently

IF YOU are among those married couples who stand to gain from the introduction of independent taxation for married women in the next financial tax year, you need to be looking at three main points.

First, you should arrange your income so that each partner can use the personal tax-exempt allowance – probably rising to around £2,900 next year – to maximum effect.

Second, you should try to keep as much of your income as possible in the 25 per cent tax band rather than the higher rate of 40 per cent.

Finally, you should arrange your investments so that each partner can take advantage of the £5,000 tax exemption on profits from capital gains that now are levied on a couple but will be assessed individually next year.

For some couples, the gains from efficient planning for this new system could be quite hefty. If, for example, one of you does not work and the other, high-earning partner has substantial investment income attached to the top 40 per cent rate, the transfer of investments to the non-earner could bring an immediate pay-off of around £1,160 (40 per cent of £2,900, the likely target for the new personal allowance).

Equally, if you have been fast off the mark, you will have transferred the appropriate amount already into a tax-free savings account which does not pay interest until the next tax year. That way, you will avoid paying tax on the interest accruing in the present year and can take it all tax-free in the next.

So far, so good. There are, however, some question marks hanging over the new regime that will cleared-up only when the Chancellor has his say in the Budget in three weeks. They include:

■ What will happen to composite rate tax, the automatic and un-reclaimable levy on building society and bank deposits?

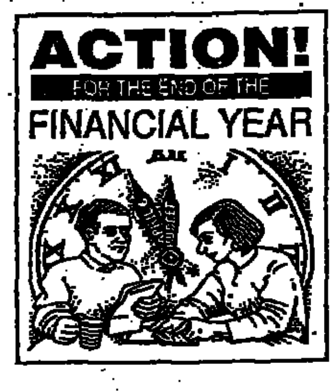
Some people think this should be abolished. PMG Peat Marwick McLintock, the accounting group, said recently: "It is inequitable that the composite rate tax scheme . . . should have the effect of penalising non-taxpayers by denying them a refund. This is an area where there is a need for reform."

CRT is lower than standard rate tax – 22 per cent against 25 per cent in the next tax year. Nevertheless, antagonism to it has increased as a direct consequence of the new independent taxation system.

If one partner in a marriage is not working and, therefore, cannot use the tax-free personal exemption against income earned from employment, it is logical that he or she should try to be in a position to receive untaxed income from the couple's savings.

But many couples would not want to put their money offshore, into National Savings products paying a low rate of interest, or stock market investments for which the tax can be reclaimed. So why should they be penalised by CRT?

If, on the other hand, CRT is retained, some of you might benefit from having your savings taxed at the 22 per cent composite rate if you do not want to opt for stock market investments. After the personal allowance is used up, other income, including investment earnings, is taxed at 25 per cent or the higher 40 per cent rate.



It would be more efficient, in this case, to accept the 22 per cent CRT than to bear the 25 per cent rate (although higher-rate taxpayers, of course, have to pay the full 40 per cent).

■ Will the Chancellor allow each partner a personal capital gains allowance of £5,000, so doubling the present amount for a family?

Opinion in the tax business is divided on this point. Although many advisors think that both husband and wife will get the full £5,000, some believe the figure will be reduced – perhaps cut in half to achieve the same effect as the present rate – or even abolished altogether.

Abolition would reinforce the position of personal equity plans which allow tax-free income and capital gains on investments of £4,800 per partner a year. Other tax experts have floated the idea that the Chancellor could let each partner have the full £5,000 allowance but alter the present system of free asset transfers between husbands and wives.

"There has to be an argument for changing the arrangement in which there is no chargeable gain on transfers between spouses," says Elaine Baker, of financial adviser Noble Lowndes. "If you are saying that couples are now totally independent for tax purposes, why should there be free transfers to take advantage of big capital gains allowances when other people are taxed on similar transactions?"

A change of this kind would be a blow to couples who have been arranging their investments in the belief they can continue to transfer assets freely in future. But the point here is that each partner would want to use the exemption from capital gains to the full under such a system.

If one partner was lucky enough to have made a £6,000 gain while the allowance was still at £5,000, it would be tax-efficient for £1,000 of the gain to be transferred to their spouse. Similarly, couples might want to re-shuffle their investments so that losses in one partner's portfolio could be offset against his or her gains.

Whether the Chancellor will have anything to say about these issues at all is, of course, a moot point. But it is worth considering as you prepare for the new era of independence – particularly the thought that he might bring down the drawbridge on transfers just after you have drawn up your new plans.

Expatriates/Peter Gartland

Avoiding the offshore traps

WHERE in the world is my money safe? It is a question expatriates ask themselves all the time. Often, the theory is that you go to work abroad to benefit from the sort of remuneration package that leaves plenty of disposable income available for investment at the end of each month.

To avoid a myriad of tax problems, you want to keep your money offshore – but in a location that is not going to cause you sleepless nights. So where do you go?

"Offshore" financial centres (sometimes, they are landlocked on-shore centres, such as Luxembourg) are springing up all the time. One estimate puts the world total at 37. The problem is distinguishing between the well-regulated centres where you need have no fears about your mutual fund assets, bank deposits or off-shore trust administration, and those centres where financial supervision is under-developed or even non-existent.

New light has been shed on this important subject following publication of a report on Caribbean financial centres by the accountancy firm of Coopers & Lybrand. The study, undertaken on behalf of the British Government, covers Anguilla, the British Virgin Islands, the Cayman Islands, Montserrat, and the Turks and Caicos Islands.

Regular readers of this column will not be surprised that C&L's Rodney Gallagher, the author of the report, reserves his most vitriolic criticism for the tiny island of Montserrat. Last year, Tim Eggar, then Foreign Office minister, took the unusual step of warning people dealing with Montserrat banks. In a separate move, officers from Scotland Yard's Fraud Squad went to the Caribbean to unravel the problems. As a result of their action, and the efforts of a task force set up by the British Governor of Montserrat, the number of bank licences is now down to fewer than 100 from a high of 347 a year ago.

According to Gallagher's report, a series of banking frauds in Montserrat resulted from a lack of regulation and the development of an association with US-based financial promoters "of dubious repute." His recommendation, to shift responsibility for Montserrat's financial sector from the Minister of Finance to local officials answerable to the Governor, has been implemented already.

The report also expresses great concern about Anguilla, despite what might be regarded as the steadying local influence of banks such as Barclays and the Bank of Nova Scotia. According to Gallagher: "There have, so far, been no major financial scandals involving financial institutions, although there have been a significant number of enquiries concerning money laundering of the proceeds of drug trafficking and other criminal activities."

The report recommends an immediate moratorium on bank licences in Anguilla, establishment of a task force to review recent activities in the financial sector, and new legislation. Less dramatic recommendations are made in respect of the British Virgin Islands and the Turks and Caicos. A tightening-up of regulations is recommended for the Caymans although the report compares their financial sector favourably with Bermuda and the Channel Islands.


Tim Eggar: warning

The Foreign Office has confirmed that local governments of all five Caribbean centres covered by the report have indicated their willingness to co-operate in beefing-up their regulations. This is an achievement in itself, given the sometimes tense relations between Whitehall and Britain's dependent territories. But a Foreign Office spokesman warned that no one should expect an "overnight transformation."

How can investors judge financial centres outside the Caribbean? One yardstick is whether the territory has designated status conferred by Britain under the terms of its financial services legislation. Designated status is granted to territories on application only when they can show they have implemented legislation at least equivalent to the UK's now-tough regime, including a compensation scheme.

Territories which have been granted designated status for investment and insurance products are Guernsey, the Isle of Man and Bermuda. Jersey has designated status for investment products, and (somewhat unusually) the state of Pennsylvania in the US for insurance products only. Hong Kong decided not to apply for designated status, although it now has some very sharp regulatory teeth which it exercises through its Securities and Futures Commission.

Gibraltar has figured prominently in financial headlines over the past couple of years because of its association with Barlow Clowes International. At last, the Rock is showing real signs of cleaning-up its act via new financial legislation, although it has yet to appoint a financial services commissioner.

☐ *Peter Gartland is editor of The International, the FT's magazine for expatriates.*

IMPORTANT NOTICE TO DUMENIL UNITHOLDERS

As a current unitholder, you should have received a letter at the end of January advising you of the decision to wind up the Dumenil range of unit trusts and distribute the proceeds to unitholders early in March.

UNIQUE SPECIAL OFFER – NO INITIAL CHARGE

ROYAL LONDON UNIT TRUSTS now offers you a *special deal to enable you to re-invest the proceeds of* your Dumenil units in any of the Royal London range of trusts, including our six new European single-market unit trusts launched on 17th February.

The main points are as follows:

- Current Dumenil unitholders may invest the proceeds of their Dumenil units in any Royal London unit trust until 31st March 1990 free of all initial charges.
- Minimum initial investment in Royal London unit trusts for current Dumenil unitholders is reduced to £500 until 31st March 1990.
- New range of European single-market trusts now available, aimed at capital growth and each investing in one of the major markets of continental Europe – Germany, France, Italy, The Netherlands, Spain and Switzerland.

Investors are reminded that the price of units and the income from them may go down as well as up.

ACT NOW

IF YOU WISH TO INVEST IN OUR RANGE OF EUROPEAN SINGLE-MARKET UNIT TRUSTS:

EITHER: 1 *Instruct your financial adviser to invest the proceeds of your Dumenil units on your behalf in* one or more of the new single-market unit trusts.

OR: 2 Forward written instructions and *payment direct to Royal London unit trusts* with a copy of any communication received from Dumenil, or their Trustees, in order to verify that you are a current unitholder.

OR: 3 Forward written instructions and your cheque from Dumenil's trustees with your *endorsement on the back.*

If instructions are received by 9th March, then any investment in our new single-market trusts will be at the fixed offer price, less the initial charge. After that date and until 31st March, units will be issued at the offer price applicable for transactions at the time of receipt, less the initial charge.

IF YOU WISH TO INVEST IN ANY OTHER ROYAL LONDON UNIT TRUST:

EITHER: 1 *Instruct your financial adviser to invest* the proceeds of your Dumenil units on your behalf in one or more Royal London unit trusts.

OR 2 *Write or telephone for further* information on the Royal London range of unit trusts so that we can provide the required scheme particulars.

GENERAL INFORMATION

Special Offer to Dumenil Unitholders For a limited period, until 31st March 1990, current unitholders in Dumenil unit trusts may transfer the proceeds of their Dumenil units into one or more Royal London unit trusts without payment of any initial charge. Those unitholders who respond by 9th March 1990 will be able to invest in the new European single-market trusts at the initial fixed offer price, less the initial charge. Those unitholders who respond after this date, but by 31st March, will be able to invest *at the offer price applicable for transactions at the* time of receipt, less the initial charge. The cost of this special offer will be met by The Royal London Unit Trust Managers Limited and will apply to all qualifying applications. A Contract Note will be despatched on receipt of the application and a certificate will be forwarded within 21 days of payment. During this special offer period, the minimum investment in each trust will be reduced to £500 for Dumenil unitholders only. **Buying and Selling Units** Once the initial offer period for the new European single-market trusts has closed, units will be valued and dealt in on each business day and the prices and yields published in the Financial Times. Units will be issued at the offer price applicable for transactions at the date and time that instructions are received by the Manager. The minimum investment will be £1,000, except for Dumenil unitholders during the period of the special offer, and the minimum subsequent investment, for an existing unitholder, will be £200. Instructions to sell units must be confirmed to the Manager in writing by renouncing and returning the unit certificate. Units will be redeemed at the bid price applicable for transactions at the date and time that instructions are received by the Manager. Payment will be made before the close of business on the 4th business day after receipt of the correctly renounced unit certificate. **Charges** An initial charge, which currently amounts to 5.25% and which may not exceed 7.5%, is included in each offer price calculation. A recurring annual management charge of 1.5% of the value of each trust will be deducted on a monthly basis from the property of each trust. The Trust Deed contains provision to increase this charge to a maximum of 2% after three months' notice. The Trustee's fees, at an annual rate not exceeding 0.5% (plus VAT) of the value of each trust, are payable out of the property of each trust, together with any expenses or disbursements authorised by the Trust Deed. The audit fee (plus VAT), together with any expenses of the Auditors, may also be paid out of the property of each trust. **Income** The estimated initial gross income yield on each trust is as follows: Dutch Growth 3.5%, French Growth 2.0%, German Growth 1.5%, Italian Growth 2.0%, Spanish Growth 3.0%, Swiss Growth 1.0%. When buying units you may prefer to arrange for income to be reinvested in further units. Fund reports will be published and income will be distributed half-yearly, net of basic rate tax, on the following dates: Dutch Growth 10th February and 10th August commencing 10th August 1990, French Growth 30th June and 31st December commencing 31st December 1990, German Growth 31st March and 30th September commencing 30th September 1990, Italian Growth 10th January and 10th July commencing 10th January 1991, Spanish Growth 28th February and 31st August commencing 28th February 1991, Swiss Growth 30th April and 31st October commencing 31st October 1990. **Tax on Income** When income is distributed we shall send you a Tax Voucher. Only if you are liable to pay income tax in excess of the basic rate will you have an additional income tax liability. **Capital Gains Tax** An individual's total net gains (ie on disposals of all assets) of up to £5,000 in any one tax year are exempt from capital gains tax. The excess is charged at the individual's highest income tax rate. When the units are sold the acquisition value, for capital gains tax purposes, is adjusted for inflation effectively reducing the amount of any gain. **Scheme Particulars and Fund Reports** Copies of the Scheme Particulars and the most recent Fund Reports, when published, may be obtained from the Manager. **Commission** Authorised Intermediaries are entitled to receive commission from The Royal London Unit Trust Managers Limited at the rate of 3% of the purchase price of the units. NB No commission will be payable in respect of units purchased under the special offer to Dumenil unitholders. **Cancellation Rights** A private investor responding to this advertisement will not have the right to cancel the Contract under the Financial Services (Cancellation) Rules 1988. **Investment Objectives** The investment objective of each scheme is to maximise growth of capital by means of an actively managed portfolio investing in all economic sectors in the single European country indicated by the name of the scheme. **Valuation** The value of your investment is determined by the value of the underlying stocks and shares in which each trust is invested, and is also affected by currency fluctuations. The valuation point for each trust is 10.00am except for the German Growth trust which is valued at 12 noon. **Bid and Offer Prices** The current difference between the bid and offer prices for each trust is 6%. The difference between the minimum bid prices and the maximum offer prices for each trust will be approximately 7.5%. **Trustee** The Trustee of each trust is National Westminster Bank PLC. Each trust is an Authorised Unit Trust scheme within the meaning of the Financial Services Act 1986 and is an authorised securities scheme as defined in the Regulations made under Section 81 of that Act. **Investment Advisers** The investment adviser to each of these trusts is Royal London Asset Management Limited. In addition, a specialist investment adviser has been appointed for each market as follows: Dutch Growth – BZW Nederland NV; French Growth – Hoare Govett International Securities Limited; German Growth – Deutsche Bank Capital Markets Limited; Italian Growth – Hoare Govett International Securities Limited; Spanish Growth – Carnegie Espana SV; Swiss Growth – Banque Kleinwort Benson SA. **Manager and Registrar** The Manager and Registrar of each trust is: The Royal London Unit Trust Managers Limited (a wholly-owned subsidiary of The Royal London Mutual Insurance Society Limited). Registered in England & Wales: No 1838296. Registered Office: Royal London House, Middleborough, Colchester, Essex CO1 1RA. Telephone: Colchester (0206) 764400. *Member of the Royal London Group.* Member of IMRO, Lautro and the UTA.

ROYAL LONDON
UNIT TRUSTS
THE EUROPEAN EXPERIENCE
The Royal London Unit Trust Managers Limited, Royal London House, Middleborough, Colchester, Essex, CO1 1RA. Telephone (0206) 764400

BUSINESS EXPANSION SCHEME OFFERS

Sponsored by

DEVELOPMENT CAPITAL GROUP SECURITIES LIMITED

(a member of The Securities Association and The Financial Intermediaries, Managers and Brokers Regulatory Association)

a subsidiary of LAZARD BROTHERS & CO., LIMITED

(a member of The Securities Association)

SHORT SEA EUROPE PLC

- An established European Coastal Shipping Company
- Owning and operating new or modern second hand ships
- No minimum aggregate subscription
- Minimum individual investment £1,100
- Closing date 5 April, 1990

THE BANNER HOUSEBUILDING PORTFOLIO

- Up to 10 Companies specialising in housebuilding predominantly in Greater London and secured contracting
- Managed by Banner Homes Group PLC, a USM Company
- *Minimum* aggregate subscription £325,000
- Minimum individual investment £1,000
- Closing date 19 March, 1990

Applications for shares will only be accepted in accordance with the terms of the Prospectus.

These Offers are for shares in unquoted companies which carry higher risks than investments in quoted companies. You should seek expert investment advice before investing in any BES Offer.

I would like a Prospectus for: FT3/3
The Banner Housebuilding Portfolio ☐
Short Sea Europe PLC ☐

Name ____________________
(BLOCK CAPITALS)
Address ____________________
____________________ Post Code ________

To: Jeannie Cummings,
Development Capital Group
Securities Limited,
44 Baker Street, London W1M 1DH.
Telephone: 01-224 3929 24 HOURS

FINANCE & THE FAMILY

On pensions, payouts and perks

AS I PLAN to retire early, I top up my contributions to my employer's pension scheme with Additional Voluntary Contributions, which go towards a with-profits insurance policy. The annual statements provided by the insurance company say how much I am guaranteed at retirement, but not what I could get once bonuses have been added. Apparently the Financial Services Act prevents such estimates from being given. Assuming that I made AVCs for about 15 years, would the total pay-out be much more than the guaranteed sum? What sort of return can reasonably be anticipated from this sort of investment? Is there a way of tracking an insurance company's performance?

■ Bonus illustrations have been standardised to prevent unscrupulous insurance salesmen from assuming unrealistic investment returns as part of their sales patter and persuading the potential customer that the amount shown by way of illustration was what he could expect to get.

The actual amount that any insurance company will distribute by way of bonuses will depend upon its investment returns, which are an unknown quantity. If we go back to high inflation you are likely to get high nominal investment returns and hence big bonuses, but the money you receive at the end of the day will be worth a lot less in terms of purchasing power. If inflation can be reduced, investment returns and bonuses may look a lot smaller but are likely to be worth much more.

Whatever the future investment conditions, some investment managers will do better than others both in terms of performance and lower charges. You can keep an eye on the comparative performance tables which are published every month in the FT publication *Pensions Management*. Generally speaking we advise readers to pay more attention to the long term performance record (say five years) than jump to over-hasty conclusions on the evidence of a single year's position in the league tables.

Two plans at once

I JOINED my present employer late, and in order to supplement my pension I am paying into a Free Standing Additional Voluntary Contribution scheme. I am now considering taking early retirement and immediately taking up a new full-time job at a significantly lower salary. I would receive a pension and lump sum from my present employer. Until I am 60 the pension would be known formally as a compensation payment. My prospective new employer has a final salary-based contributory pension scheme.

Could I continue making payments into the FSAVC scheme, or join the new employer's pension scheme, or both? If so, how would limits on contributions and benefits be calculated assuming a) that I finally retire at or before 60, b) that I continue working beyond 60?

■ You should join your new employer's scheme and consult the pensions manager of your new employer as to the gap between what his scheme will provide and the Inland Revenue maximum that can be filled by AVCs.

Your position is complicated because of your reduction in salary. In the past employees who have suffered steep reductions in salary a few years before retirement age on change of job have been treated sympathetically by the Inland Revenue and the employer has been able to "honour the pension expectations" based on the higher earlier salary. In your case, however, you are to receive a pension in respect of your earlier employment and in the meantime you are being paid an annual sum by way of compensation.

Your new employer will take these factors into account and if necessary arrange for your case to be submitted to the Superannuation Funds Office of the Inland Revenue in order to ascertain how much pension can be provided by AVCs. If your current AVC contributions are unlikely to result in an AVC pension exceeding this figure it makes sense to continue the present AVC payments. If your employer (or his actuaries) estimate that your free-standing AVC payments could take you above Inland Revenue limits then you could reduce your future AVC contributions to the level that your new employer advises.

Under revised regulations you need not worry unduly if your AVC payments do take you "over the top." Any excess will be returned to you less deduction of tax (you have of course enjoyed tax relief on your contributions and on the investment income build up) when you eventually retire and start to draw your benefits.

Gift of a pension

I RECEIVE a pension from a company fund which is administered by an insurance company. If my wife survives me she will be paid a pension, the amount of which was determined on my retirement.

With the advent of separate taxation for married people, it is evident that it will be beneficial to ensure that my wife has sufficient income to absorb her tax allowance. Would it be possible for me to make an irrevocable gift to her of part of the pension which is now paid to me, so that it would rank as my wife's income for tax purposes? If it can be done, how should the transfer be made?

■ You will probably find that the rules of your pension scheme do not permit the assignment of your personal pension (the amount payable to you during your own lifetime) to any other person.

Your concern is to gift some of your own income to your wife so that she can enjoy the first tax-exempt slice. This is not just a pensions matter — it applies equally to anyone earning salary. You should consult an accountant to see whether he can find a formula enabling you to make an annual payment to your wife that would be tax deductible to you, whether for acting as a research assistant or in some other suitable capacity.

Increasing benefits

I AM 46, married with two children aged 18 and 15. I am a part-time tutor and earn approximately £120 a week for seven months of the year. My husband will retire in eight years but due to several job changes we are anxious to bolster our pension entitlement.

I started work at 18 and paid full-rate contributions until I was 26. On taking part-time work in 1977 I was advised to pay the lower rate of National Insurance. The DSS has now said that with changes taking place in NI it might be appropriate to pay the full rate. I anticipate that in the next few years my earnings may rise. Should I pay the full NIrate? Or should I take a contracted-out personal pension?

■ Generally speaking we do not consider a married woman's option to pay full rate National Insurance contributions to be a good investment. Most married women do not have your option. The social security system is cash starved and staff are likely to try and persuade everyone to pay maximum contributions.

In your case your husband is older and will be 65 before you are 60. On the basis of his own contributions he will qualify for a single person's pension of £43.60 a week plus £26 for you. Even if you had paid the full NI rate throughout your working life and could qualify for the single person's £43.60, you would lose the £26 as you cannot have both. All you therefore get for all this money is an extra £17.60 a week.

If you survive your husband you will get no more by paying full contributions as you qualify for the widow's pension on the basis of his contributions. Should you get divorced and become a single person you are treated as if you had paid full contributions when you were married.

Paying full-rate NI contributions can make good sense for a woman who is the same age or older than her husband. If for example she is three years older than her husband and can earn eight years' full pension of £43.60 a week between age 60 and the date he reaches 65, this is money which she would not get if she paid the reduced rate contribution. You are in the opposite situation. (We are quoting current levels of state pension but these are upgraded each year).

Your best bet if you want to increase your pension entitlement is to find whether your employer will let you join the company scheme. An increasing number of schemes allow part-time employees to join. In this way you get the benefit of your employer's contributions and you may have death in service and widower's pension rights thrown in.

If this is not possible you should shop around for a personal pension policy, where you have to pay for the lot. You will qualify for tax relief whether you pay contributions in addition to your own payments to your employer's scheme or to a personal pension. In contrast you do not get any tax relief on either your reduced rate or full rate NI contributions — a further argument for married women who have retained the right to pay lower rate contributions continuing to do this.

Q&A
BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Redundant but mobile

I WAS MADE redundant recently but my ex-employer let me keep my company car for two months, and for an extra three weeks for a small charge. When my tax office calculates the taxable benefit of the car, will it value the benefit until my employment ceased or will it include the additional two months or more?

■ The scale charge will be apportioned up to the day on which your employment ceased.

THREE WEEKS TO INVEST TAX-FREE

You have only until 27th March to invest this tax year's allowance in a Personal Equity Plan with no income tax or capital gains tax to pay on your investment.

And, with Save & Prosper, you can invest up to the full £4,800 (£9,600 for a couple) tax-free. You can select a Unit Trust, your own choice of shares or a Managed Portfolio of leading British shares – the top performing managed portfolio of 1989*.

So post the coupon now, or ring our free Moneyline.

*Source: The WM Company.

FREE MONEYLINE 0800 282 101
9.30 a.m. – 5.30 p.m. ● 7 DAYS A WEEK

To: Save & Prosper Group Limited, FREEPOST, Romford RM1 1BR.
Please send me details of Save & Prosper's PEPS.

Surname Initials
Mr/Mrs/Miss
Address
Postcode

THE VALUE OF INVESTMENTS AND THE INCOME FROM THEM MAY FALL AS WELL AS RISE AND PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE SUCCESS. TAX CONCESSIONS MAY BE SUBJECT TO STATUTORY CHANGE.

SAVE & PROSPER
■ THE INVESTMENT HOUSE ■
Save & Prosper Group Ltd. is a member of IMRO and Lautro.
010/15/FT

satisfied

['satisfid] *n.* a feeling of pleasure or comfort; convinced; supplied fully.

Are you satisfied with your investment manager and the returns you are achieving?

We offer independent investment advice. For details of how we can satisfy your needs send the coupon or telephone.

BERRY ASSET MANAGEMENT PLC
The Chambers, Chelsea Harbour, London SW10 0XF
Telephone: 01-376 3476.
Fax: 01-823 3348.
FIMBRA

NAME
ADDRESS
TELEPHONE
FT

Invest in EUROPE'S FINEST COLLECTION

2% LAUNCH DISCOUNT UNTIL 9th MARCH 1990

Six New Unit Trusts for the Growth Markets of the 1990s

The stock markets of Europe provide some of the most exciting capital growth opportunities available at the present time. International investors are only just beginning to appreciate the full consequences of Europe's move towards a single market in 1992. This, together with the dramatic changes sweeping Eastern Europe, should ensure that economic growth is sustained at recent high levels well into the new decade.

With trade barriers tumbling across Europe, companies will have access to wider markets, promoting higher sales, greater competitiveness and bigger profits. As companies look beyond national boundaries, the merits of larger size will continue to encourage the growing level of takeover and merger activity now taking place.

The new found political and economic freedom in Eastern Europe has opened up new markets hungry for goods and services from their wealthy neighbours. The modernisation of Eastern European economies will further fuel the economic boom in Western Europe.

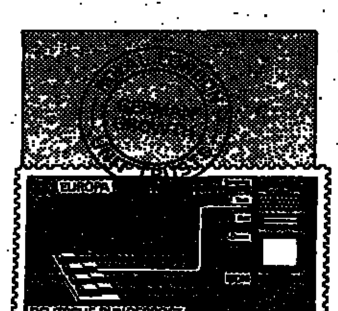
The benefits of these developments will not be evenly spread and a variety of opportunities will arise for investors who may, therefore, wish to invest in different markets at different times. Despite the advantages of being able to invest in individual European markets, no major unit trust group offers the choice between these markets that is now available from Royal London.

About Royal London

The Royal London Unit Trust Managers Limited is a wholly-owned subsidiary of The Royal London Mutual Insurance Society Limited. The Royal London Group currently manages funds of approximately £3 billion, over £70 million of which is already invested in Europe. Royal London was the only group to appear in the top ten unit trust management groups for both UK and international unit trusts for last year.
(Source: Sunday Times, Micropal).

Six New Unit Trusts

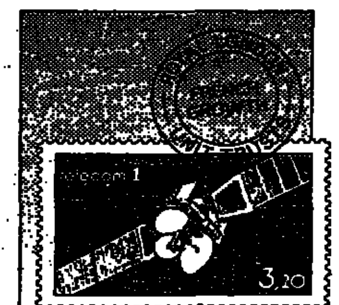
With 1992 fast approaching, Royal London is now able to offer a unique range of six specialist European unit trusts all aimed at capital growth and each investing in one of the major European markets.



The Royal London German Growth Trust

The European economic miracle of the last 40 years has been led by West Germany which is well placed to continue on its impressive path of success and growth – with or without unification. The continuing influx of young East Germans will do much to overcome skill shortages in industry. With abundant natural resources such as coal and iron, West Germany is noted for its industry, which is particularly strong in chemicals, automotive and other heavy and light engineering. Economic growth continues to be strong, inflation remains under control and the currency remains firm. For UK investors, therefore, there is the added bonus of being able to invest in a fund linked to the Deutschemark.

Total market capitalisation, 31 December 1989: £175.2 billion. Percentage of total world stock market capitalisation: 3.7%.



The Royal London French Growth Trust

In the immediate future, France offers amongst the best earnings potential of all the major European markets and should obtain substantial benefit from 1992. Its economic co-operation with West Germany has already been a source of considerable strength to both countries. The country is naturally richly endowed and fertile with agricultural produce being exported all over the world. France's industrial strength is based upon a plentiful supply of nuclear power, iron and natural gas reserves and its varied industrial output includes cars, chemicals, clothing, textiles – and perfumes. As well as the Bourse in Paris there are important provincial exchanges.

Total market capitalisation, 31 December 1989: £134.8 billion. Percentage of total world stock market capitalisation: 2.8%.

The Royal London Italian Growth Trust

Italy has become a dynamic and successful market, already enjoying many close trading links with Eastern European countries. The country has great potential as many investors have been unaware of Italy's thriving underlying industrial base. The Italians themselves have a tremendous propensity to save and invest – second only to the Japanese – thus further boosting the economy. It is strong in agriculture; Italian olive oil is exported all over the world and Italy is the world's single biggest wine producer. It is also strong in cars, aircraft, shipping, heavy engineering, clothing and textiles. Italy is the birthplace of banking in which it remains a world force and the Milan Stock Exchange is important in international transactions.

Total market capitalisation, 31 December 1989: £70.7 billion. Percentage of total world stock market capitalisation: 1.5%.

The Royal London Spanish Growth Trust

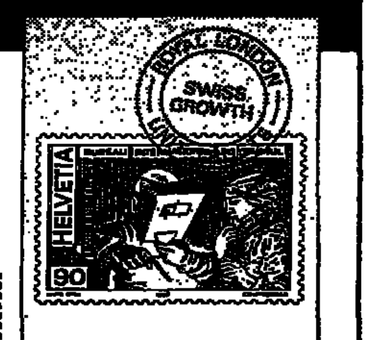
The Spanish economy has performed strongly over the last two years and Spain has also had one of the fastest developing stock markets in Europe over this period. While the risks of investment in Spain over the next ten years are perhaps high, the potential for growth is among the highest of all the major markets. Economic and corporate growth should remain strong. Spain has important coal and iron resources, powerful agricultural exports – not least sherry! – and a continuing commitment to create new industrial zones. The principal stock exchange in Madrid is supplemented by smaller but active exchanges in Barcelona, Bilbao and Valencia.

Total market capitalisation, 31 December 1989: £45.9 billion. Percentage of total world stock market capitalisation: 1.0%.

The Royal London Dutch Growth Trust

Although geographically small, the Netherlands, like the UK, has always been an adventurous country, seeking profitable trade links around the world. There is intensive agriculture, important coal and natural gas resources and the Netherlands control a great deal of total world output in oil, tin and diamonds. Several of the world's supergiant trading companies – Unilever, Shell and Philips – have roots in the Netherlands. Some of the best investment opportunities, however, lie amongst the undervalued and often undiscovered smaller company stocks. Many of these are good quality, well-managed businesses which have excellent prospects and are also likely to be at the forefront of European corporate restructuring in the move towards a single European market.

Total market capitalisation, 31 December 1989: £66.1 billion. Percentage of total world stock market capitalisation: 1.4%.



The Royal London Swiss Growth Trust

Switzerland's traditional economic and financial strengths rest in its fierce independence, neutrality and political stability. The Swiss enjoy the highest standard of living in the world. Industrial activity embraces a high level of exports of machine tools and precision machinery, watches and clocks, chemicals, pharmaceuticals and foods, particularly cheese and chocolate. The economy and currency are strengthened by its extensive banking industry, amongst the most sophisticated in the world. Although not a member of the European Community, powerful Swiss companies – of international blue chip status – were amongst the first to secure positions of increased strength in the liberated conditions already established in Europe.

Total market capitalisation, 31 December 1989: £53.1 billion. Percentage of total world stock market capitalisation: 1.1%.

Warning

Investors are reminded that the price of units and the income from them may go down as well as up.

Min. Investment £1,000

You may invest in any or all of the six trusts subject to a minimum of £1,000 per trust.

Valuable discounts – limited period

All investors in any or all of these six new Royal London Trusts are eligible for a discount of 2% provided the application reaches us by 9th March 1990. So don't miss your chance, act now before it's too late.

General Information

the date and time that instructions are received by the Manager. Payment will be made before the close of business on the 4th business day after receipt of the correctly renounced unit certificate. Charges: An initial charge, which currently amounts to 5.25% and which may not exceed 7.5%, is included in each offer price calculation. A recurring annual management charge of 1.5% of the value of each trust will be deducted on a monthly basis from the …

… and 10th July commencing 10th January 1991, Spanish Growth 28th February and 31st August commencing 28th February 1991, Swiss Growth 30th April and 31st October commencing 31st October 1990. Tax on Income: When income is distributed we shall send you a Tax Voucher. Only if you are liable to pay income tax in excess of the basic rate will you have an additional income tax liability. Capital Gains Tax: An individual's total net gains (ie on disposals …

… by currency fluctuations. The valuation point for each trust is 10.00am except for the German Growth trust which is valued at 12 noon. Bid and Offer Prices: The current difference between the bid and offer prices for each trust is 6%. The difference between the minimum bid prices and the maximum offer prices for each trust will be approximately 7.5%. Trustee: The Trustee of each trust is National Westminster Bank PLC. Each trust is an Authorised Unit Trust …

2% LAUNCH DISCOUNT UNTIL 9th MARCH 1990

ROYAL LONDON
UNIT TRUSTS
THE EUROPEAN EXPERIENCE

To: The Royal London Unit Trust Managers Limited
Royal London House, Middleborough,
Colchester, Essex CO1 1RA
Telephone: (0206) 764400

I/We wish to invest in the following Royal London unit trusts at the initial offer price of 50p (less 2% discount for applications received by 9th March 1990):

Please tick box if you want net income re-invested

The Royal London Dutch Growth Trust	£	(Min £1,000)	☐
The Royal London French Growth Trust	£	(Min £1,000)	☐
The Royal London German Growth Trust	£	(Min £1,000)	☐
The Royal London Italian Growth Trust	£	(Min £1,000)	☐
The Royal London Spanish Growth Trust	£	(Min £1,000)	☐
The Royal London Swiss Growth Trust	£	(Min £1,000)	☐
TOTAL	£		

A cheque made payable to The Royal London Unit Trust Managers Limited is enclosed.

SURNAME Mr/Mrs/Miss
FIRST NAMES (in full)
Address
POST CODE
SIGNATURE DATE

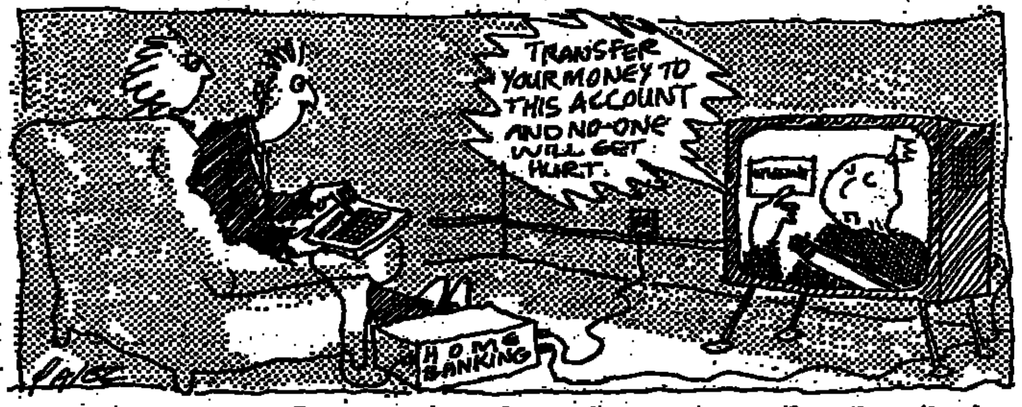
I am/We are not less than 18 years of age (Joint applicants should all sign and give separate details)
Offer not available to residents of the Republic of Ireland

FT3/3

FINANCE & THE FAMILY

Max Wilkinson reports on a novel way to juggle finances — in front of a TV set

Now for the watching bank



MY *REAL* bank is Coutts in London, patrolled discreetly by men in frock coats and still a place where Phileas Fogg would feel at ease. My new bank, housed in a tin box somewhere in Reading, west of London, could hardly be more different. It is a computer.

The computer doesn't shut at 3.30pm. Even the "Bear with me a moment, Sir," sometimes heard on a busy afternoon at Coutts, is not programmed into its circuits. Any time until 11 pm, when the computer disconnects mysteriously, you can call it up over the telephone line by pressing a keypad in front of your television set.

The system, called Home and Office Banking Service (HOBS), was the first of its kind in Britain and is a prototype of banking systems which are likely to be commonplace in years to come. It has been started by the Bank of Scotland which, no doubt, hopes to capture a worthwhile slice of the English market even though it has only 17 branches south of the border.

It uses a fairly simple keyboard costing about £95 which plugs into the TV at one end and the telephone socket at the other. At the press of a button, the box will dial HOBS, feed in the necessary password and *presto!* The welcome message appears on your screen. By pressing a few more keys, it is possible to view all your balances (including investment and money market accounts), scroll back through statements, transfer money between accounts, or instruct the computer to pay bills directly. At the end of each transaction, the computer will send the details to your screen and ask for confirmation.

It is certainly less cosy than those old-world letters I get from the deputy manager at Coutts, chiding me courteously about the odd slippage into the red; but HOBS is more efficient. For example, I have decided to keep most of my cash in the money market account which now pays 11.18 per cent net of composite rate tax (compounded to a equivalent annual rate), leaving the current account as near empty as possible. The money market account allows you to take out cash when you want without an interest rate penalty, provided the withdrawal is at least £250.

Whenever the current account falls a bit low, it can be topped-up from the money market account via *HOBS*; thus, it is even possible to sign a substantial cheque against an empty current account provided you remember to tell HOBS to make a topping-up transfer soon afterwards.

You can can also exploit the credit period allowed on a Barclaycard by instructing HOBS to pay the bill on the day before it is due. But such direct electronic payments can be made only to accounts of which HOBS has been notified in advance.

Is this really worth the trouble, or is it just an adult substitute for Space Invaders? The answer is that active cash management could be quite important at a time of very high interest rates, particularly to a small firm with substantial sums passing through its account. Consider, for example, a modest business which, by good cash management and by keeping profits churning through a money market account, manages to keep an average balance of £20,000. In the money market account, this would represent £2,200 in interest payments over the year (net of composite rate tax). Of course, any bank allows surpluses to be transferred in and out of interest-bearing accounts, but HOBS aims to make it a lot easier for the small operator to fine-tune cash management.

The computer bank could also be interesting for a high income-earner. Suppose his net pay went straight into the money market account. He might well need a float of, say, £5,000 to £10,000 to pay those larger bills like school fees, the ski holiday and the golf club membership. This would yield £500 to £1,000 in interest (before higher rate tax). Many people who are careless about their current account balances could save much more. And careful timing of outgoing payments, including plastic card bills, can push the credit balance higher.

So much for the theory; but not many people will spend their evenings punching buttons in front of a television set unless they get a smooth and sophisticated response. Unfortunately HOBS is, so far, like the old Ford Popular: a good goer but lacking refinement. This is because the domestic television screen is unsuitable for showing the words and figures of a bank statement. It is too blurred. To get round this difficulty, HOBS uses a system called Viewdata, which paints big writing across the screen. But this means that, as in a child's first efforts, you get rather little information per page.

Most businessmen with a personal computer are used to seeing 25 lines of 80 characters on their screen. Viewdata will show only about a quarter of this. Worse still, a businessman wanting to use his office computer to plug into HOBS will have to buy a special communications programme to *downgrade* his terminal display from 80 to 40 characters' width. He will also need a modem (£100 to £300) to connect his computer to the telephone network.

This was the method I tried, and it was fairly ponderous. First, I had to learn to use a complete new (and not very good) communications programme because, like most US products, mine doesn't recognise Viewdata. Then, my bank statement could be displayed only five items at a time although my terminal was capable of showing 20 or more. Printing out a Viewdata display is also more tedious than printing a normal computer file.

Actual communication with HOBS was sluggish, with an irritating delay between typing a figure and its appearance on the screen — like talking to someone a bit deaf. HOBS also turned out to be very pedantic. It starts always with the same nine questions about which service you want and then leads you through the transaction step by step. After every answer, you have to wait while it "thinks" before sending a new screen's worth of information down the line, complete with a Bank of Scotland graphic.

Sometimes, you could kick HOBS. It knows nothing of the jumps, short-cuts and elisions that make modern programmes quick and fun to use. This is because HOBS must make itself understood to a 1960s' television technology wired to a simple, calculator-type keypad. The service is, however, fairly cheap. Apart from the capital outlay on a HOBS television adaptor, or Viewdata software for a home computer plus modem, the annual charge for personal users is £36, a sum that even someone with moderate means could recoup quickly by playing the cash flow game.

By comparison, Coutts gives "free" banking on condition you keep a minimum current account balance of £2,000. Even for a top-rate taxpayer, this represents an annual cost of £170 in lost interest. For this, you get an obsequious bow at the door and even an occasional invitation to lunch with the deputy manager, plus one excellent service that will keep me banking there: a fully-itemised statement.

HOBS might be on line at the touch of a button but a statement specifying merely that a £1,000 credit came in "by post" cannot compete with Coutts' handy reminder of which debtor paid up. On the other hand, the flexibility of HOBS' money market and investment accounts and other services make Coutts look fuddy-duddy. HOBS and fellow revolutionaries will, no doubt, sharpen their challenge to the traditional order. A new version tailored to work with personal computers is expected to be on line next year, for example. Meanwhile, I must report: I have seen the future and it is rehearsing.

FINANCE & THE FAMILY

Terry Dodsworth on a useful — if complicated — investment

In times of trouble, it's hard to top a convertible

IF YOU take the view that high interest rates and the general economic climate will put a lid on equity prices in the UK this year, you might take a look at convertibles.

Convertibles are fixed interest corporate stock that, in theory at least, can be converted into the ordinary shares of the issuing company at some point in the future. Their hybrid nature is reflected in their performance. They give you a higher yield than would normally be available from the ordinary shares in the same company — Carlton Communications convertible, for example, is yielding about 8.5 per cent at present, against 1.68 per cent for its ordinary shares. But they also allow you to participate in the growth of the company's equity, since their price reflects their convertibility.

Thus, if equity prices move up, convertibles will shadow them, though not to the same degree. Conversely, if equity prices fall, the decline in convertibles will be cushioned by the yield. Convertibles are also inherently safer than equities because they rank higher for payment in the event of a liquidation — though they are not by any means risk-free, as holders of Saatchi and Saatchi convertibles, which soared to a gross redemption yield of 30 per cent, when the company's shares were hit heavily last week, can testify. The high yield reflects the risk of the group being unable to pay up when the convertible stock becomes due for redemption.

These characteristics are clearly inappropriate if you are looking only for capital growth from your stock market investments. Equally, convertibles are not made for those who want a simple life. It is not easy to dig up much information on some of them, and the valuation methods for judging them are complicated. Indeed, David Lis, whose Windsor investment management group launched a convertible investment trust last year, says that interest in the fund has come mainly from the institutions, despite the fact that he wanted to stimulate the general public interest.

The only way you can find out about many convertibles — there are well over 300 quoted in the UK — is through your broker. He will have access to most prices on the SEAQ screen, although for a few small issues he will have to talk to specialist dealers.

Some of the larger issues are quoted under the company's stock market listing in the *Financial Times*. It gives their price and yield and indicates whether they are loan stock or preferred (a distinction which is more important to the issuing company than the investor, who receives income from both after deduction of basic rate tax).

Determining the value of a convertible is the trickiest point, underlining why most private investors need a broker to guide them through the minefield

The yield on a convertible is calculated by dividing the nominal interest rate by the market price and expressing the result as a percentage. And, since convertibles are traded, the yield depends on the market price of the stock — declining if the stock rises and vice versa.

Determining the value of a convertible is the trickiest point, underlining why most private investors need a broker to guide them through the minefield.

Because you buy convertibles for their extra yield, you have to pay a premium over the ordinary shares. This premium is meant to represent the present value of the additional flow of income available from a convertible share, compared with the funds generated by ordinary share dividends.

Market experts have their own computer systems to arrive at a price. Roger Clough of Panmure Gordon, for example, draws up a total which shows a long-term income flow from both the dividend on a company's ordinary share and the payments on a comparable convertible. The convertible, of course, produces a regular fixed return every six months. But the dividend flow has to be estimated by applying a likely rate of growth to the base figure.

At some stage in the future, annual income from ordinary share dividends will reach the same rate as that on the convertible — a crossover point at which there is no sense in retaining the convertible. Clough's computer programme then calculates the additional income that would have been earned by the convertible, compared with the ordinary share up to this future date on the basis of his dividend assumptions. The programme then adjusts both income streams for the time cost of money, at, say, a rate of 12 per cent. The difference between the two is the amount the convertible is worth today over the value of the ordinary share.

Experts in the convertible field concede that all this is a bit complicated for the ordinary private investor. But if you don't want to try your hand at investing directly, you can do so indirectly via specialist unit and investment trusts. There are quite a number of these, although not all concentrate purely on convertibles; in many of them you get a mixture of convertibles and gilts.

Is it a good time now to be considering the convertible option? People in the business believe it is, mainly because of the doubts over the equity market's ability to repeat last year's heady performance. Dividend growth, exceptionally strong in 1989, may well stall, making convertible yields more attractive.

Furthermore, prices could benefit from a change in the balance of supply and demand in the convertible market: Hanson is currently planning to convert its 10 per cent stock, which would result in the withdrawal of almost 10 per cent of convertibles on the market, while several new funds investing in the sector are planned over the next few months.

Christopher Hills, manager of Baring Convertibles Trust, concedes that some of these arguments were being bandied about early last year, before ordinary share prices suddenly took off, leaving convertible holders well behind.

"Unfortunately, a lot of people were sucked into convertibles at a time when they were set to perform pretty badly, compared with equities," he says. If he is right about this year's prospects, the disenchantment that set in from the 1989 experience has now turned convertibles into a cheap buy. Premiums in the market, he argues, are now low, particularly after the mini-surge in share values during December and January, which did not spin over into many convertibles.

"Over the next twelve months, we could have the complete reversal of last year's experience," he says.

TRUE OR NOT, the British have always been known as animal-lovers and increasing numbers of people are trying to make a living from businesses based on animals. Equestrian centres and stables are in keen demand along with good-quality kennels and catteries for both breeding and boarding.

Most properties on the market include a house and some land and prices vary from several hundred thousand pounds to above £2m. The total annual turnover in such premises is around £30m.

One business transfer agent, Luxton and Lowe Druce (Hanover House, New Malden, Surrey, tel. 01-949-7066), has developed a specialist section for these transactions. According to Don Earnshaw, the corporate and retail sales manager, his firm is *now handling about one-third of the British market and* aims for 40 per cent.

Earnshaw says: "We have on our books hundreds of people who are looking for this type of business. Although good properties with a sound business element do not stay unsold for long, the choice is now wider than ever before.

"That is because a number of husband-and-wife teams who started kennels, catteries or stables as a hobby or part-time interest are now thinking of retiring and capitalising on the *businesses they have built-up.*"

In fact, the animal care and breeding business is changing fast. A word of warning, though. Potential private buyers contemplating a comfortable rural life-style should beware of entering into tough competition with the corporate buyers now moving into this market in strength. They are prepared to pay premium prices for the best establishments.

An average business coming to the market will be turning over between £20,000 and £40,000 a year but the corporate *buyer will be looking for — and* will usually *find* — ways of raising that considerably. The establishment will be worked much more intensively by the professionals.

However, the prospect of sterner competition is not deterring private individuals. At present, Earnshaw can offer properties ranging from a cattery for 85 animals, and turning over a little more than £21,000 a year, to a complete zoo complex and a rare bird park. — R. H.

Pure animal attraction

ARTHUR BENNETT is living proof that working with animals can provide a long and rewarding career. *He bought a* quarantine and boarding stables and kennels with a view of the sea outside Folkestone, *Kent, 20 years ago after* retiring from the army, where he had been a major in the Royal Corps of Signals. Only now, at the age of 80, is he considering giving up the business he runs with son Michael, 40. Meanwhile, he still keeps two horses and rides regularly.

Thinking that it would be a nice place to which he could retire for some hunting, shooting and fishing, he paid £16,000 for the business and has been absorbed in it ever since. He is now asking £800,000 for the two houses on the 6.5-acre site together with the stables, the *kennels and cattery, and quar*antine blocks for animals imported into Britain. The annual turnover exceeds £150,000 and there is a staff of eight kennel maids.

Bennett can trace the development of the animal business in the UK since he bought the Dover and Folkestone Quarantine Kennels and Caesar's *Camp Boarding Kennels.* (There is, incidentally, no firm evidence that Caesar ever camped on this site on the downs but it would be churlish to quarrel with a good name).

Bennett built his establishment initially on an annual through-put of 2,500 horses, which regulations required should have a short rest and examination period before entering or leaving the country. *That business has faded* as requirements for horses in transit have been relaxed. Dogs and cats are now his staple trade, although he usually has a clutch of birds and small mammals in residence as well. Last week, he was playing host to 48 dogs, 25 cats, three rab*bits and three chinchillas.*

Bennett's location so near the Dover and Folkestone ferry terminals has helped his animal quarantine business grow year-by-year. Now, 90 per cent of his four-legged guests are spending the obligatory six months in quarantine after entering Britain.

The M20 motorway to link *with the Channel tunnel* is being built outside his door and he expects it to help his business grow rapidly. In addi*tion to animals going* into quarantine, more cats and dogs will be boarded while their owners go abroad. "Already, I can see clear growth in the boarding business," he says. "People will drive down from the north of England and leave their cats and dogs here before *catching the ferry. It used to be* a seasonal business, but now we have a steady income from people taking holidays in every month of the year."

The Bennetts charge about £750 for quarantining a dog and inoculating it while a cat costs between £500 and £600. *These are mid-range charges;* other kennels charge anything between £500 and £1,500 for a dog depending upon the "quality" of service. (One kennels has the recorded sound of a vacuum cleaner being switched-on each morning; this is supposed to make the pets feel at home).

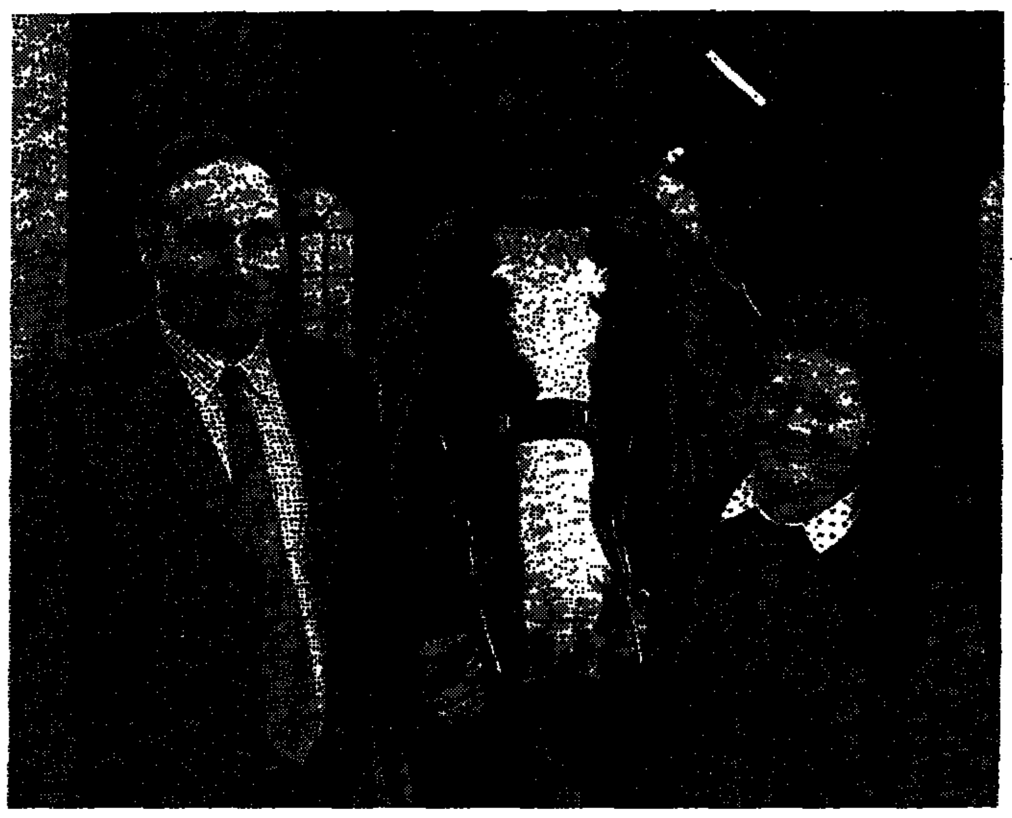
Visiting hours are an impor*tant part of the routine at a* quarantine establishment. The Bennetts allow owners to meet and stroke their pets between 2.30 *and* 4.30, *Monday to Satur*day. Rather surprisingly, the regulations allow owners to have physical contact with the animals in the quarantine runs as well as bringing them titbits.

A quarantine kennels has to be licenced by the Ministry of Agriculture. *There is no* charge, but the ministry makes an inspection every three months and the permit must be renewed after three years. To run a boarding kennels, a licence must obtained from the local authority. Most charge around £40 a year.

□ *Dover and Folkestone Quarantine Kennels* and *Caesar's Camp Boarding Kennels, Crete Road West, Folkestone (tel. 0303-892-350).*

Roy Hodson

Arthur Bennett: cats, dogs, rabbits and chinchillas



Peter and Lyn Killick at their Halifax museum with work-horse Ben

Mike Arron

His, hearse and horses, too

MANAGEMENT theorists call it niche marketing. Peter Killick puts it more graphically: *"It's about opportunity and ini*tiative. It's about straining for that difference in the marketplace, of avoiding being the 14th chip shop in a street full of chip shops."

Thus, it might seem strange that he and wife Lyn should have opened the fifth museum in the West Yorkshire town of Halifax. But theirs is in a niche of its own: it is a national museum dedicated to the the role of the horse in developing industrial Britain.

Both have farming backgrounds and used to run Acton Hall, Shropshire county council's working farm museum. But they wanted their own business. "We knew about tourism and we knew about museums and leisure. We also knew about working horses," he says.

Before the internal combustion engine, the horse provided most of the power that serviced Britain's towns. In the 1890s, for example, 84m tonnes of goods were hauled on the railways but the bulk was carried to and from goods yards in horse-drawn vans and wagons. There were 300,000 working *horses in London* alone.

The Killicks' museum — called Horses at Work — is in the once-derelict goods yard of the old Lancashire and Yorkshire railway. They started it in 1986 with a £100,000 package of savings, a bank overdraft and a European Community grant — *gained because Hali*fax is a textiles closure area. It has barely been enough to capitalise the business safely.

The Killicks brought with them a collection of antique horse-drawn vehicles such as carts and buses — even a hearse — plus a pack pony, a railway horse and a heavy cart-horse. They lived in a caravan in the museum yard and borrowed other animals from owners who were happier to see them working than idle. This proved an effective way to save working capital and they still do it.

In their first four months they attracted 8,000 visitors, after which they closed for the winter to renovate the house that is part of the yard's buildings. There was also more work to do on the goods warehouses, which were being converted into exhibition space and stables. All looked set fair.

Then Killick fell out of a hay loft and broke his neck. He was told it would be two years before he could walk again and that his days of working with horses were over. But he had only just started his own business. He *recalls*: "We couldn't afford to take much notice. I was back at work after four months." Lyn Killick adds: "Even if he couldn't do much, I needed his brain here." Also, his courage won the venture many friends.

The museum grew steadily and drew *30,000* people *last* year at £2 for adults and £1.25 for children. It opened this week for the 1990 season with slightly higher prices and the Killicks are hoping to make significant progress towards their long-term target of 100,000 customers a year.

Last year's visitor count hardly made for financial success, though. Although it provided the major contribution to £70,000 of turnover, that barely covered running costs. Apart from the Killicks, the museum needs a horse-keeper, a coachman and two juniors, *both* trainees. Other part-time staff are employed according to demand.

To earn extra revenue, some of the museum's other workers — the horses Duke, Ben, Captain and Sixpence — have been set to work on a diversification programme. *The Killicks* pay them in kind (hay and oats) and they have the advantage of costing nothing in National Insurance and pension contributions.

In summer, Duke, a 17-hand cart-horse, pulls boat-loads of tourists along the canal at nearby Hebden Bridge. Ben, an 18-hand cross between a shire and a Clydesdale, is too big for the canal towpath but is sensible in traffic, so he gets jobs such as pulling Father Christmas to his various grottoes in the towns and cities of West Yorkshire. Duke also has the contract for pulling the water wagon round the hanging baskets of Halifax.

Captain and Sixpence, two other gentle equine giants, have been worked this winter by Duncan Jagger, the museum's self-employed horse-keeper, pulling thinnings from local forests. They can negotiate places where tractors cannot.

Then there is film and TV work, such as pulling horse-drawn ambulances for period dramas. Max, the pack pony, can find work here; so can Pedro, a donkey retired from Blackpool sands in Lancashire. Prices for the horses start from £150 for a two-hour job. Killick says they enjoy it and behave *as though they are going on* holiday.

The Killicks' next big task will be to turn the sheds in the goods yard into a replica of a Victorian job-masters' stable — the equivalent of a Hertz or Avis car hire depot in its day. An old job-master's ledger *shows that, a century ago, it* cost seven shillings and sixpence to hire a horse to pull a hearse to a funeral.

"We are full of ideas but short of revenue," Killick says. Many other small business people will quite understand.

□ *Horses at Work, Dobbin's Yard, Discovery Road, Halifax HX1 2LY (tel. 0422- 346-835).*

Ian Hamilton Fazey

MINDING YOUR OWN BUSINESS

TEXT AND DATA CAPTURE

London based company with associated offshore facility seeks long or short term data and/or text capture contracts in the following areas:

ARCHIVE MATERIAL, RECORDS, CD ROM CAPTURE, PRESS CUTTINGS, TYPSETTING, LIBRARY DATA BASES, JOURNALS, SPREAD SHEETS, NAMES AND ADDRESSES, COUPON RESPONSE, DATA BASE CREATION, PARTS' MANUALS, CATALOGUE CARDS, ABSTRACTS, BOOKS, ETC...

Fast accurate turnaround at competitive prices. Current capacity in excess of 100 million verified keystrokes per month: Full fax and high speed modem facilities available.

Alpha numeric or Alpha, upper and lower cases, all European languages. Contact Nigel Rooke: Selectmove Limited, Tech West Centre, Warple Way, London W3.

Tel: 01 749 9014/5 Fax: 01 749 9013

WATER PURIFICATION

UK company is seeking parties interested in a project to manufacture a newly developed domestic water purification unit.

Principals only should write Box F9616, Financial Times, One Southwark Bridge, London SE1 9HL

This advertisement has been approved by Touche Ross & Co who are authorised to carry on Investment Business by the Institute of Chartered Accountants in England and Wales.

FOR SALE

Enterprise Zone Land approx. 5 acres with 77,000 sq ft ex cotton mill. In N. W. England within yards of motorway junction bordered on one side by Canal Enterprise Zone Status till Dec. 1993.

Write Box H5837, Financial Times, One Southwark Bridge, London SE1 9HL

Berkeley Square, W1

Immediately available – luxuriously furnished, self-contained, air-conditioned office suite with full service/term by arrangement. For full details: 'phone or fax Nightingale Secretariat, 3 Berkeley Square, London W1X 5HG. Tel: 01-629 6116 Fax: 01-491 4811

INVESTOR REQUIRED

Three Chartered Surveyors with proven track record in property investment and refurbishment require c.£1m of venture capital for further projects in the South East.

SERIOUS PRINCIPALS ONLY PLEASE

Write Box F9603, Financial Times, One Southwark Bridge, London SE1 9HL

PROFITABLE UK HOTEL CHAIN

with nett assets in excess of 10 million. Turnover of £6 million wishes to amalgamate with a quoted company or will consider other options.

Write Box F9615, Financial Times, One Southwark Bridge, London SE1 9HL

PARTNER REQUIRED

with substantial funds for major leisure development - Superb Location -

Write Box F9614, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

PRIME DEVELOPMENT SITE

(approx 1 acre) within Village boundaries located in the Vale of Aylesbury London 1 hour

Write Box F9608, Financial Times, One Southwark Bridge, London SE1 9HL

THE TECHNICAL TRADER

A newsletter for Serious Investors and Traders - Contact us now for a FREE copy TTT, FREEPOST, York YO1 1WA TEL: 0904 656407 FAX: 612720

THE TRADERS HOTLINE

Specific market targets, entry points and stops - updated 3 times a day 0836-405-450 Calls charged at 38p per min peak; 25p off-peak

DAILY FAX SERVICE

Contact us for a free copy.

EXPERIENCED FINANCE DIRECTOR Chartered Accountant, 63, requires non-executive or part-time role. Box No F9593, Financial Times, One Southwark Bridge, London SE1 9HL.

THE BUSINESS SECTION

Appears Every Tuesday & Saturday. Please contact Gavin Bishop on 873 4780 or Sara Mason on 873 3308. For further details please write to Financial Times, Number One, Southwark Bridge, London, SE1 9HL

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

BUSINESSES FOR SALE

CHELSEA/FULHAM ROAD SW10 OWNER GOING ABROAD

Well established restaurant for sale. Top condition seating 50-55. Offers in the region of £265,000. Turnover £250,000 p.a. Six nights only. Scope for increase. Lease 14 years from June 89 renewable. Low rental £12,500. Offered as a going concern.

FREEHOLD HOUSE WANDSWORTH BRIDGE ROAD

Completely refurbished. Six bedrooms, two Kitchens, two bathrooms. Ideal letting house £175,000.

For sale separately. Telephone: 01-373 1729

SOUTH FLORIDA Rolling Shutter Manufacturer For Sale

- U.S.A. Nationwide Distribution Network.
- High profit local South Florida sales in Rolling Shutters and Interior Wood Shutters.
- Established and operated by European for 10 years.
- Exceptional high profit opportunity with $400,000 yearly sales with enormous growth potential.

Write Box F9622, Financial Times, One Southwark Bridge, London SE1 9HL or FAX to: USA 407-394-5673

FOR SALE

Long established well-known and profitable LETTING AGENT with substantial turnover and strong cash flow. Set in prime central London area with excellent shop front, offices and amenities and room for expansion. For further particulars please: write to Box H5878, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

CATERING FOOD DISTRIBUTION COMPANY FOR SALE Situated West Country

Donmarco Ltd, 51 Meldreth Rd Shepreth, Royston, SG8 6PS Tel 0763 261372

20,000 Financial Times Newspapers 1921-1985 available

These individual gift packed issues cost £15-50 and make unique Birthdate/Anniversary presents. Outright sale as a mail order business offered at £15,950. Also retailers wanted to take orders.

Tel: 0843 603322 for full details.

PRIVATE LIMITED COMPANY

Machine knife manufacturer turnover: £1m plus home and overseas markets.

Details Write Box H5880, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

FOR SALE

Data and mail processing co. - West Palm Beach Florida - 5 years old - no real competition. Gross sale $486,000 owner take-home $75,000. Price $200,000 with $50,000 down. Death in family forces sale.

Fax (407) 588-5808 (Fla.)

Natural Skincare, Colour Cosmetics and Fragrances

BUSINESS FOR SALE

Direct marketing Company with proven marketing plan.

Write to Box H5879, Financial Times, One Southwark Bridge, SE1 9HL

ALGARVE, PORTUGAL

Upmarket, restaurant and leisure complex, recent construction. Standing in 45,000 sq metres. Potential for further 40 rooms. Would consider luxury yacht in part exchange. Tel no: 0233 85 225 or Box H5906, Financial Times, One Southwark Bridge, London SE1 9HL.

BUSINESS SERVICES

PINEWOOD FILM STUDIOS

venue of the stars is available for all functions, conferences, exhibitions, and private parties. Full catering for 20-1000 people, 5 formal rooms, 3 elegant bars, beautifully landscaped gardens with marquee facilities, parking.

Location Caterers Ltd 0753-656951, Rose Cassidy

SWISS MAILING LISTS

Available at very favorable prices.

Contact: Mr Gordon Bach ATLANTIC LISTS, INC. 20533 Biscayne Blvd, Suite 4-312 Aventura, Florida, 33180 or call 305 937 2838 or Fax 305 935 0862

FACTORING

Let us ease your Cash flow problems. We specialise in helping new small Business' to grow and give very personal attention.

Apply Allen Rogers Services, Telephone 0247 853279

HOTELS & LICENSED PREMISES

WELSH COAST

Auction 14th March, 1990. Period Licensed Property. Extensive Bar; Function Facilities + 40 Additional Rooms.

Lowther Scott-Harden (0768) 64541.

BUSINESS FOR SALE

A unique opportunity to purchase a highly profitable Pizza Manufacturing Company in the London area. Current turnover is £350k with a potential capacity of £2.1m. The successful purchaser will be awarded a substantial 4 year contract for the supply of Pizzas to the current owner, a very successful Company in the food industry. Principals only write in confidence to Box H5846, Financial Times, One Southwark Bridge, London SE1 9HL

BUSINESS SOFTWARE

To advertise in this section please telephone Simon Enefer, 5755, or write to him at the Financial Times, One Southwark Bridge, London SE1 9HL

AUTOMATIC PRICE UPDATES

Tired of manually updating your technical analysis program? Fund Manager from CitiService delivers daily updated prices for: FTSE Constituents - Alpha Stocks, SEAQ Securities - Option Strike Prices, UK and US Futures and Commodities, Foreign Exchange + World Indices. Available as soon as the market closes. Price and dividend data including Open, High, Low, Close, Volume and Open Interest. Contact Paul Harris now on [illegible] ICV Ltd Fax: [illegible] 72 Chertsey Road Woking Surrey GU21 5BJ

THE ACCOUNTING PROGRAM

DAC Accounting 2.0, probably the top selling accounting package in the world with users in 16 countries, is a powerful, flexible, fully integrated system consisting of Purchase, Sales & General ledgers, stock or services control, purchase ordering, Budgets and Forecasting + powerful reporting facilities and more. It presently costs less than £60 (incl) but will soon increase to £160.00 inclusive. For details Fax: 01 686 4475 or write to CASTLEFORD COMPUTING, PO BOX 171, 36 Howley Road, CROYDON, CR9 1YX.

FORMS AND DATA

Forms represent over ⅓ of all business documentation produced. FORMBASE makes it easy to create a professionally looking form AND template for easy input of data AND creates a relational database with over 100 mathematical, financial and data functions. FORM DESIGNER 2 lets you design and print forms and a 3rd program, PERFORM lets you design and print forms also fill forms and retain data for manipulation elsewhere. For details and demo disks Fax, telephone 01-686 4475 or write to Castleford Computing, PO Box 171, 36 Howley Road, Croydon, Surrey CR9 1YX

OPTIONS TRADERS

take some of the guesswork out of your trading by using our powerful software package. Automatic Historical Volatility and Expiry Dates, dozens of "Fair Values" in seconds, up to 100 Companies stored. All UK Equity Options Updated ready for use. FREE DETAILS. Chartsoft Limited, [illegible] House, 2, Deer Lane, Lightwater, Surrey GU18 [illegible] Tel: [illegible]

AUTO TRADER 3.5

A completely unique approach to Technical Analysis has earned AUTO TRADER 3.5 its outstanding record in predicting stock, commodity and currency markets. Easy to use, with excellent graphics, supplied with historic data on 60 stocks/commodities. Demonstration and trading records available. £95 Innovative Investment Software P.O. Box 345 Camberley Surrey GU15 3UN (0276) [illegible]

BOARDROOM - GOAL-SEEKING DECISION MODELLER.

Did you know that a change as small as 1% in volume, prices, costs and staffing probably increases your profit by 20%? Do you know the decision alternatives available to your directors if the unions make a 10% pay claim? Our goal-seeking models designed specifically for the boardroom are already in use in over 60 UK organisations. For information from Alan Rowntree or Geoff Smith [illegible]

CENTRAL SOFTWARE

Financial Software of the highest quality. Banking, Fund/Investment Management, Unit Trusts/Offshore Funds, Insurance Funds, Expert Finance and Bespoke work with Integrated Letter Writing and Recording. JOHN ORMOND : [illegible] FAX: [illegible]

CHARTIST 2.0

Comprehensive investment software for IBM PCs and compatibles. Full technical analysis with excellent graphics incl. split-screen and pulldown menus; tabular analysis; portfolio manager; traded options pricing; Teletext Update; price histories. Mono, CGA, EGA, VGA. INVESTMENT INSIGHT, Beechwood, Lower Broad Oak Road, West Hill, Ottery St. Mary, Devon EX11 1XH Tel. 0404 812232

COMPREHENSIVE INTEGRATED ACCOUNTING

Powerful, flexible high quality software. Supremely easy-to-use, User-definable colours, Built-in graphing, Context sensitive help windows, Extensive reporting facilities, Integrated Invoice production, Pop-Up Windows for lookup of Suppliers, Customers, Nominal Accounts, etc. Full VAT Control. Single or Multi-user. FULL REFUND if not COMPLETELY SATISFIED. From £88.000 Tel: 091 [illegible] (Eves & W/Ends) First Class Software 17a Houghton Road [illegible] Tyne & Wear

COMPUTER AIDED TRADING

Our experience assures your success: FX Dealing Money Market Term Borrowing FRAs Acceptances Forecasting Technical Analysis Communications Security. Systems tailored to your exact requirements on IBM PC and compatibles. Blue Point Ltd Venture House Cross St. Macclesfield SK11 7PG Tel: [illegible]

DOCUMENTS TO COPY-TYPE?

ALEX advanced Optical Character Recognition system will read almost any typewriting or print, foreign characters - even exotic alphabets like Russian or Hebrew. Very accurate and saves hours of expensive copy-typing. Complete hardware system or Bureau service available. Contact: Robert Hopl - Sales Manager Southdata Ltd, Vayway House London W4 4PT 01-[illegible]

INDEPENDENT CONSULTANT

We provide qualified computer consultancy on system applications and implementation. With our expertise both in business and computers we can match the most appropriate computer solutions to your Business needs. Use our expertise on: Accounts Systems, Databases, Bespoke Programming and many other areas. For further details telephone: David Halstead FCA 01-[illegible], Fax 01-[illegible]

MORTGAGE PROBLEMS?

TRADER - the integrated Financial Services Administration package now includes Mortgage & Insurance Administration. Features inc: Client Compliance records, individual/bulk case tracking. Full commission estimation & generation, Unlimited linking of mortgages & policies plus much more. All this and TRADER too: Only £795 - WHY PAY MORE! SODEL, Freepost, London N10 1BR. (no stamp required) Tel: 01-[illegible] Fax: 01-[illegible]

A TOTALLY NEW CONCEPT

Many of the current word processing packages have been developed in the U.S. All seem to have similar methods of operation; Until now; there has been little in the way of innovation in WP. CICERO+ Introduces something entirely new. An innovation that will considerably simplify WP. To find out what the innovation is and other important features about this excellent, international product, fax or telephone 01-686 4475 or write to Castleford Computing, PO Box 171, 36 Howley Road, Croydon, Surrey CR9 1YX

PREDICT THE STOCK-MARKET AND IMPROVE INVESTMENT RETURNS

We offer a range of computer based stockmarket prediction and price updating systems for private and professional investors. Ask for our free comprehensive information pack. Synergy Software - Tel 0462 - 424282

THE GENIE CHARTIST

Did you miss the Footsie major selling signal on 3rd and 4th January 1990? Did you miss the Dow Jones major sell signal on the 4th January. The Genie Chartist computer programme automatically found them both. A world first in stock Market technical analysis. It is also a day by day educational programme on the stock market and why it behaves the way it does. Genie Software Ltd Call 0273 771085 or 0836 [illegible]

INVESTORS

Whether your interests are CURRENCIES, COMMODITIES, EQUITIES, FINANCIAL FUTURES, INVESTMENT TRUSTS OR WORLD STOCK MARKETS, our trading systems make money - allow us to prove it! We back up our claims with hard solid evidence. Phone: (0932) 220346 or 243144 INDEXIA RESEARCH TRADING SYSTEMS, 15 Riversmeet, Walton-on-Thames, Surrey KT12 2PR UK.

TORNADO - the PC notebook

Twice PC Magazine's Editors Choice. Ideal for IBM PC's laptops etc. Tornado is memory resident software in only 60K RAM which lets you use the PC as the back of an envelope. Notes are entered into overlapping windows and can be found instantly. Process works similar to human brain. No need to remember indexes key field, or pre structure information. Cost £95. Christian de Larrinaga First Hand Software Hamilton House 66 Upper Richmond Road, London SW15 2PG 01-877-1400

VAN SALES DISTRIBUTION

Instant Point-of-Sale invoicing with the On-board DISC VANPUTER system. Linked to the DISC Depcat System, we offer a total Software/Hardware solution for Van Sales Distributors. Split cases, random weights, special prices, daily cash and stock reconciliation and profitability plus automatic debtors control. DISTRIBUTION SYSTEMS, Hilton Court, HILTON, Derbyshire DE6 5FN Tel 028 373 22 77 Fax 028 373 43 12

WALLSTREET

Scan ORACLE/CEEFAX prices directly into your portfolios; at the same time use WALLSTREET'S powerful investment management facilities. Your decisions supported by integrated charting analyses, automatic buy/sell signals, overbought/sold indicators, real-time revaluation of portfolios, options, etc. Exploit valuable Teletext data systematically. Runs on IBM compatible PCs. Price £395 + VAT. Free demo disks. Dataflow Technology Limited 1 Loverock Road, Battle Ind Estate, Reading, Berks RG3 1DZ Tel: 0734 [illegible] Fax: 0734 [illegible]

Will the FT100 go to 2500 or 2000?

Will Gold go to $500 or to $370

You can make your own Forecast using MACROWORLD FORECASTER/INVESTOR on your PC. MACRO uses Fundamental analysis to forecast general economic trends as well as giving you a value analysis of what individual stock, commodity or futures price should be. Input upto 130 indicators sent to you each month to give economic; financial and investment forecasts in USA, Canada, Japan Germany and the UK. Combine Fundamental analysis with technical analysis to help forecast the big move. MACROWORLD FORCASTER/INVESTOR PO Box 91 Torquay Devon TQ2 7 XZ Tel 0803 [illegible]

مكتبة الاصل

COLLECTING

The best of British will never let you down

***Antony Thorncroft** on how buyers favour their national artists*

ART BUYERS are nothing if not patriotic. Once they feel rich enough to splash out on a painting they tend to favour their national artists. The big London auction houses have done good business in the past two years with Spanish, Italian and, to a lesser extent, Scandinavian dealers and collectors who, basking in their stronger economies, are repatriating overlooked works by their national artists.

The Swedish artist Zorn and the Spaniard Sorolla y Bastida have now topped the £1m mark and 10 days ago a collage by Mario Sironi, a virtually unknown Italian Futurist, sold for £286,500, against a top estimate of £35,000. No wonder Sotheby's and Christie's now run regular specialist sales in these areas.

On March 29 Christie's holds its largest ever auction of Scandinavian art, with a painting of some jolly nude bathers by Zorn carrying a top estimate of £1.8m. Two days earlier Sotheby's hopes for more than £1m from a landscape by Strindberg (yes, the dramatist was also an artist).

Our economy is obviously not buoyant enough to propel many British artists through the £1m barrier. The handful that have reached these heights (Bacon, Freud, Hockney, Moore) are bought mainly by Americans, but demand for British art of the past century has grown rapidly in the last five years and shows no signs of slackening.

A little of the money made in the City, or from running a successful business, or from property appreciation, has gone into art, partly to show off the status of the buyer, partly to enhance homes, partly for investment, but mainly because the buyers are fascinated by the variety in British art. Unfortunately most of the new money belongs to Philistines.

Dealers and auction houses have come to recognise, and accept, the one-time buyer who spends between £10,000 and £50,000 on a picture to seal his, or her, success. But some then develop a passion for paintings and their needs are served by an increasing number of auctions and dealers specialising in this area. Last year Sotheby's set record prices for 21 major artists and Christie's had a similar experience. Although the economy seems to be dipping the recent series of contemporary and Impressionist art sales in London suggested that the forthcoming auctions of 20th century British art, and the exhibitions in the galleries, should maintain the momentum.

The highlight is undoubtedly a "Resurrection" painting by Sir Stanley Spencer which Christie's is offering next Friday in its best British art sale for years. This large triptych is one of only two paintings on this theme still in private hands and a price of up to £600,000 is expected, beating the previous best for a Spencer of £429,000 set in 1987, and challenging the record for a 20th century British artist (excepting the contemporaries) of $1.1m, paid in New York for a Munnings two years ago. Like Munnings, Spencer is collected by Americans, and an American museum could be the home for this work which shows the dead yawning as they reawaken, still in their 1940s clothing coupon dresses.

The appeal of most 20th century British artists is still confined to UK buyers, which accounts for the modest prices and the feeling that they are under-valued compared with second division Impressionists of the same period. But some schools have already experienced sharp upward price movements and have reached a plateau. This is especially true of the later, decorative, Newlyn School artists, such as Harold Harvey and Dorothea Sharp, who advanced from around £2,000 to more than £20,000 in five years and are pausing for breath, mainly because much of the best work is now in collections and the lesser paintings coming on to the market do not merit high prices. The same is true of the earlier, and better, Newlyn artists such as Stanhope Forbes, but Christie's has a good group by him on March 8.

A good Harold Harvey interior estimated at up to £30,000 at Christie's on Thursday

The Scottish Colourists enjoyed an even more rapid re-valuation, with Peploe shooting up from £20,000 to more than £500,000, and Fergusson and Cadell not very far behind. Once again common sense and the flood of works tempted on to the market by the well-publicised prices have cooled things down. But Newlyn and the Colourists between them gave a boost to 20th century British art — and attracted investors — and the hunt is now on for other "schools" that seem ripe for development.

Certain groups of artists, like the Camden Town School, the Bloomsbury Group and, to a lesser extent, the post-War Euston Road School, were appreciated in their time and their masterpieces went quickly into museums. Fine works are comparatively rare: but they command high prices. Last year there was a record £74,800 paid for a view of Hampstead by Charles Ginner while the leading Camden artist, Sickert, realised £51,700 for a rare pastel "Nude on a Bed."

Among the Bloomsbury artists the undiminished fascination with their intricate relationships means that Vanessa Bell stays popular, while a Duncan Grant self portrait which realised £18,700 at Lord Clark's sale in 1984 went for £77,000 five years later. Christie's is hoping for a record for a typical Gwen John on Friday. It shows a solitary woman reading a book and is one of 10 similar versions of a convalescent. It could fetch £160,000. Gwen John is sought after by American museums.

Partly because of price and partly because of availability interest in 20th century British art now seems to be concentrating on the post-1945 period. Susie Pollen of Sotheby's points out that 14 of its 21 records in 1989 were for post-war artists. She is particularly interested in the St Ives School — Terry Frost, Roger Hilton, Patrick Heron, and Peter Lanyon, whose "Blue boat and rainstorm" sold for £90,200 in November, three time his previous record, set six months earlier.

Artists that are rising steadily in price but could go much higher include Matthew Smith, Wyndham Lewis, Paul Nash, David Bomberg and Graham Sutherland. The latter has been out of fashion but Christie's expects to set a new high next week when one of his largest compositions "Interior," inspired by the surroundings of his studio in Venice, comes under the hammer with a £200,000 top estimate.

Sotheby's and Christie's have responded to the interest in British art by reorganising their sales. Christie's distinguishes between 20th century artists painting in the historical, 19th century tradition, like Munnings and Russell Flint, and the innovators, and holds sales in both sectors.

Sotheby's makes its move on May 24 when it is introducing two new auctions, English art from 1945 until the present day, incorporating St Ives, "Kitchen Sink", Euston Road and others and British sculpture of the 20th century, still an overlooked and under-priced activity.

But although the auction houses, with their big marketing departments, command the headlines, the market in 20th century British art has been engineered equally by the informed dealers, who can provide a reassuring, advisory, service to new collectors. David Messum has pushed Newlyn; the Scottish Gallery, the Fine Art Society, and Richard Green (London's biggest picture dealer) the Scottish colourists. Austin-Desmond, Spink, Agnews, Waterhouse & Dodd, Frost and Reid, Berkeley Square Gallery, Crane Kalman, and many more, project the 20th century. And new dealers have joined such as Waterman, which has taken premises in Jermyn Street and flourished on the original concept of a low price, high turnover. It has big names but also pushes the likes of Joseph Southall.

Buyers of 20th century British art have one big advantage over buyers of Spanish, or Italian, or Viennese art. The pictures are gaining an international reputation, not least in English speaking countries, and contemporary British art is also soaring. No-one should buy for investment, but the best of British can never let you down.

Mole, weasel and the Old Lady

JOHN KEYWORTH, curator of the Bank of England museum, on events that shaped Kenneth Graham's decision to resign from his post at the Bank

IN JUNE 1908 Kenneth Grahame, author of the children's classic, *The Wind in the Willows*, mysteriously resigned after 10 years as Secretary of the Bank of England, with all the appearance of a broken man.

There has been much speculation about why Grahame suddenly left such a good position and why he wrote so little afterwards – fewer than half a dozen short pieces until his death in 1932.

Was he sick? There are indications that he did not enjoy the best of health: but was it bad enough to cause the resignation? He did, after all, live for more than 24 years in retirement. Was he dilatory? The historian Sir John Clapham described him as "an accomplished, but, it would appear, not an assertive Secretary . . .": in March 1907 the Bank had recognised hisextra workload during a long absence of his deputy with a bonus of £200 (£7,200 in today's money), hardly the action of a displeased employer.

Did a clash of personalities force the Bank to "let him go"? Although nothing definite supports this theory, there is some evidence of a row between Grahame and a high official before his sudden departure in June 1908.

Kenneth Grahame joined or, in the phraseology of the time, "was elected to the service of the Bank" in December 1878, having come first in the written examinations for candidates. From the start he was identified as a high-flyer. But within eight years of his appointment and still relatively junior, he asked the Bank for a loan of £80 to meet pressing debts resulting, as he disarmingly admitted, from living beyond his means and his failure to keep accounts.

In spite of this inappropriate admission from a Bank of England clerk, and absence of special circumstances – the usual criterion for granting such a loan – an exception was made. The Chief Cashier vouched for his character ,and his "superior abilities".

After a quiet six years, Grahame was transferred to the Secretary's Office in preparation for greater things. Promotion quickly followed, to Assistant Secretary then Deputy Secretary and finally to Secretary of the Bank in October 1898. At 39, he was one of the youngest people ever to hold a post which was then ranked equal with par with those two great departmental baronies, ofChief Cashier and Chief Accountant.

While the Chief Cashier looked after banking business and the Chief Accountant was the registrar of stocks, the Secretary at the end of the 19th century played an important role dealing with legal, staff, and domestic matters as well as seeing that decisions of the Court of Directors, the Bank's governing body, were implemented. He was also secretary to the Governor, his adviser and, to some extent, his conscience. The able and gentlemanly Grahame seems to have performed these tasks satisfactorily for 10 years.

The Old Lady has been noticeably reticent about the circumstances surrounding Grahame's abrupt departure. The personality clash theory is borne out by W Marston Acres, who worked in the Secretary's Office in Grahame's time. Acres wrote in 1950 that: "I can be sure his retirement had nothing to do with ill-health, but to his resentment of the bullying manner of a Director with whom he was discussing some business, when he was provoked into saying 'You're no gentleman'." Acres believed this Director was Walter Cunliffe, who later became Governor.

Time and again Cunliffe proved a high-handed and bullying man. His autocratic behaviour eventually led (in 1917) to a head-on clash with the Chancellor of the Exchequer, Bonar Law. The Prime Minister, Lloyd George, was even brought into the quarrel and because the two protagonists could not agree, threatened to "take over the Bank." On another occasion the Secretary of the Bankers' Clearing House wrote to Cunliffe about the way he had been treated during an interview in the Governor's room: "You then proceeded in the presence of Sir Gordon Nairne (Chief Cashier) to address me in a way that would have been unjustifiable if between a master and his servant." Yet Cunliffe was unrepentant.

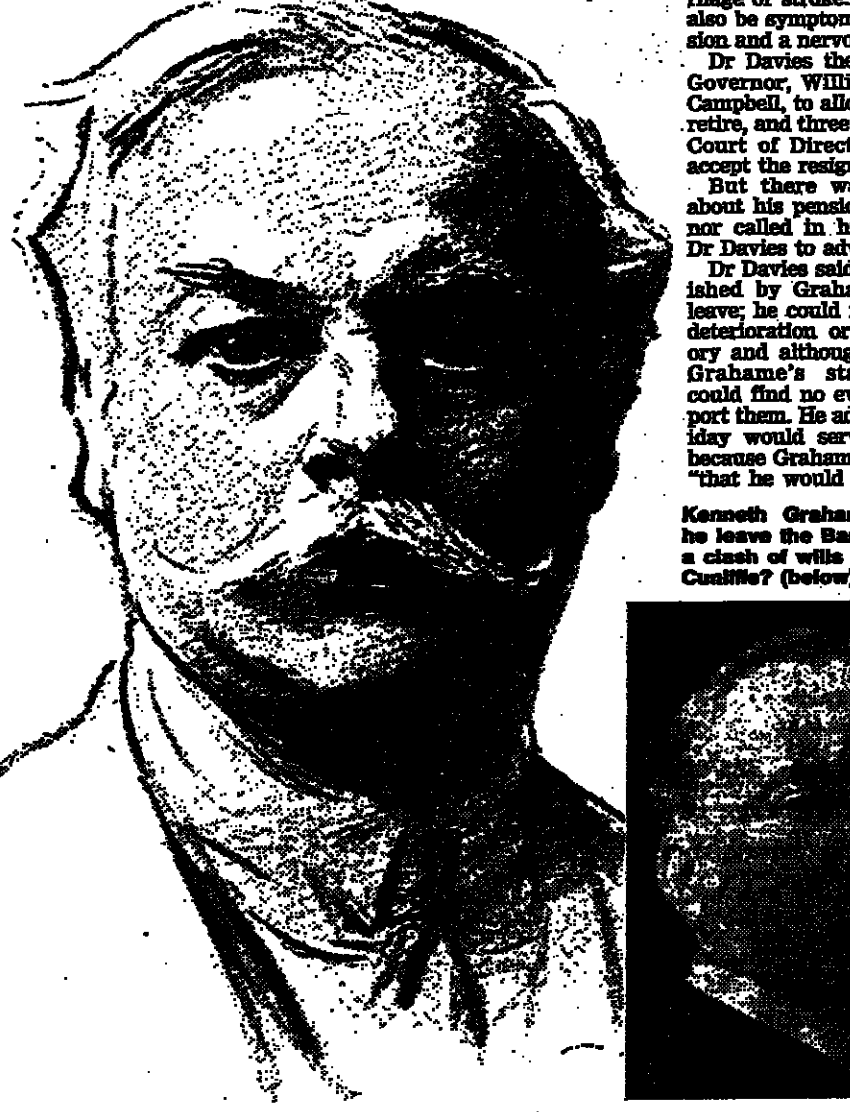
Perhaps this atmosphere explains why Kenneth Grahame's letter of resignation on June 15 1908 reads as from a broken man. It includes phrases such as: ". . . constant strain . . . post of much responsibility . . . makes me very anxious . . . as to my ability to continue rendering proper and efficient service, and as to the wisdom of facing further deterioration of brain and nerve . . . ought to seek relief from the burden . . . in taking this step, which I am driven to do by considerations of health, I also serve the interests of the Bank, which call for a more efficient and unimpaired performance of duties than I can now give circumstances of special strain . . ."

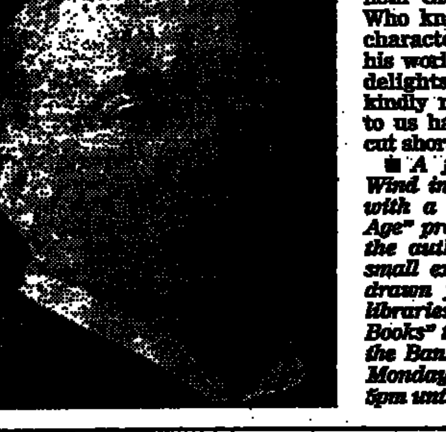
Clearly something traumatic had precipitated this loss of confidence; and Grahame, in his gentlemanly way, is outwardly ignoring the confrontation, the root cause of his wish to leave, and blaming his poor health for his poor performance. Two days later he was examined by A T Davies, the Bank's Medical Officer, whose diagnosis of the symptoms – insomnia, constant headache and amnesia – was arteriosclerosis, supported by the fact that Grahame's father had died of "apoplexy," the archaic word for a cerebral haemorrhage or stroke. But these can also be symptomatic of depression and a nervous breakdown.

Dr Davies then advised the Governor, William Middleton Campbell, to allow Grahame to retire, and three days later, the Court of Directors agreed to accept the resignation.

But there was a question about his pension. The Governor called in his Deputy and Dr Davies to advise.

Dr Davies said he was astonished by Grahame's wish to leave; he could find no mental deterioration or loss of memory and although he accepted Grahame's statements, he could find no evidence to support them. He added that a holiday would serve no purpose because Grahame had told him "that he would be just as bad at the end."





Kenneth Grahame (left): did he leave the Bank because of a clash of wills with Lord Cunliffe? (below)

After this rather damning evidence Grahame was granted a pension of £400 a year although, according to the Bank's pension regulations, he was entitled to almost double that figure. The penal rate reflected the Bank's firm line: he did not seem ill and so a more generous sick pension could not be countenanced.

The emotional shock of leaving the hum-drum life of the conservative organisation into which he had been comfortably absorbed some 30 years before must have been enormous, and this may be why his literary output fell so dramatically. The old Bank of England, an institution in which he had so effortlessly held down an important job at such an early age, might well have been the catalyst or generative power essential for his writing. Without doubt, his writings were touched by his life in the Bank, indeed it probably suggested the titles *Dream Days* and *The Golden Age* to him.

As to what the Old Lady thought of his extra-curricular work one can only guess, but she must have known and decided to turn a blind eye, although some of the denizens of Threadneedle Street must have been blissfully unaware.

It has been said that one Director bought a copy of *The Golden Age* in the mistaken belief that it was a treatise on bimetallism. But that Victorian golden age of the Bank may also have been responsible for the myth of his laziness: being so capable he was able to perform his duties effortlessly, arriving at 10am and leaving at 4pm, and this may have initiated the myth.

Very rarely does a figure of true literary stature arise from the world of commerce – Kenneth Grahame was one such. Who knows how many of his characters were drawn from his world of the Bank or what delights that shy, sensitive, kindly man might have given to us had his career not been cut short.

■ *A first edition of "The Wind in the Willows" together with a copy of "The Golden Age" presented to the Bank by the author can be seen in a small exhibition of rare books drawn from the Bank's two libraries. Entitled "The Bank Books" the exhibition is open in the Bank of England Museum, Mondays to Fridays 10am to 5pm until April 27.*

Letter from East Germany

A state of flux

THE VILLAGE in which I live lies on the outskirts of Berlin. It consists of a few small farms and a large number of commuter-belt houses, and it was here I witnessed the first campaign leading up to East Germany's democratic elections on March 18.

A loudspeaker lorry was parked near a supermarket building. Pop music blared out. Flags were waved, in yellow and blue – the colours of the West German Liberals. Balloons were handed out to children; their parents received propaganda sheets which, from the look of the print, came directly from West Berlin. But the people standing around belonged to the East German Liberal party, the LDPD, which for 40 years shared government with the Communists, and they did not look happy.

The people around the loudspeakers were all well known as pliable helpmates of the local administration. Now they were demonstrating their innate liberalism and independence. The East Germans have a name for them – the wryneck, a woodpecker which hangs from rotten trees, draws out ants with its long sticky tongue, and eats them. The latest opinion polls give the Liberals in East Germany no more than 3 per cent of the votes.

■ ■ ■

THE FORMER education system in East Germany was a Stalinist stronghold, exceeded in energy and radicalism only by the security forces. Education gave our former political leaders the key to the society's future.

The post-1945 school reform marked the beginning. Teachers, burdened by their closeness to Hitler's regime, were removed from schools and replaced – by amiable, dilettante figures – and we turned to the land of Stalin for our educational principles. The whole system was built on the model of a home for the resocialisation of wayward youngsters. The Soviet Union was also the model for the teaching methods and a rigorous schooling system. In line with the pre-revolutionary Russian practice of imitating French culture, the French schooling system was adopted. The aim was to train an elite.

East German schools were cadre-training units. Stalin's formula of using engineering principles to ensure control of human souls remained in place until the last day in office of the former Education Minister, Margot Honecker, the wife of the former leader. Her system certainly produced results: opportunism, deviousness, hypocrisy, cynicism and cruelty.

The schoolchildren were deeply unconvinced by what they had to reproduce; so were the teachers. To prevent this internal conflict coming to the surface, an iron system of discipline was necessary. A careless word could destroy a teacher's career, a chance meeting could lead to dismissal. Without great ceremony, the Socialist Unity Party extended its rule into the schools.

The Young Pioneers and Free German Youth organisations controlled the children outside school hours, executed additional indoctrination and carried out surveillance. The pinnacle of this unnatural system was education for war – the drilling of schoolchildren for the military business of killing. One natural consequence has been the rise of skinheads and neo-Nazis in East Germany. Ironically, the Communist schools themselves produced the system's most extreme political opponents.

The abolition of "defence training" was one of the first education policy steps by the new East German government. This decision was clear-cut and universally welcomed. Otherwise, however, East German schools present a picture of pure confusion. The old curricula of the Honecker regime have been largely scrapped, but new ones do not yet exist. The teachers use the old books, but pages which do not conform to the new tendency have been ripped out.

From the age of 10, every child in East Germany learns a foreign language. Until last year, this could only be Russian. Now, the children are allowed to choose between English, French and Russian, although there are many Russian teachers, and far too few for the other languages. Russian is, however an unpopular option, and Russian teachers face unemployment.

They are not the only ones – many of East Germany's inflated state bureaucracies have started to shed employees. Among the ranks of state functionaries, there was no profession more frequently represented than teachers; and so large numbers are now streaming back to the schools, leading to tough competition for posts. The result is a tense atmosphere; and those who suffer are the children.

It is not clear how education will be organised in the future East Germany. The Opposition has not put forward much in the way of ideas. The Social Democrats – with successful traditions here going back before the First World War – would have good reason for taking the initiative. There are some ideas for private schools. A Berlin opposition group wants to set up an integrated Gesamtschule on the West German pattern, and the West German teachers' union wants to provide start-up help. Even some elite schools modelled on the Rudolf Steiner system are being talked about.

■ ■ ■

FOR A few weeks in the late autumn of 1989, Egon Krenz was the leader of the Communist party and head of state. He merit lies in his role in promoting the fall of Egon Honecker. His bad luck stemmed from his past political sins and his lack of intelligence.

Journalists from a popular West German newspaper visited him a few weeks ago in his East Berlin home. He told them that the was out of work and lived from his wife's earnings and his savings. Asked about his future, he told them that perhaps he would become an author.

People laughed at the idea; but this was a mistake. Shortly afterwards, Egon Krenz began to make appearances in West German TV talk shows. He continued to grin with his long teeth, even when he was attacked.

The TV appearances were not just defensive; they were part of a promotional campaign. He is known to be working on his memoirs, and several West German literary agents are offering the first three chapters to possible publishers. There have even been suggestions that the rights might be worth as much as DM1.2m.

East Germany is having to prepare for a free market economy; Egon Krenz the Communist has already made the switch.

Rolf Schneider

MEMORABILIA of 40 years of Communist rule in East Germany are on sale where the Berlin Wall stood only a few days ago. Young East Germans hawk Communist Party medals, busts of Lenin, and Soviet and East German Army uniforms and decorations. The customers are Westerners eager to obtain relics of an era which most East Germans want to forget.

A man from Neuruppin, north of Berlin, negotiated with a Frenchman wanting to buy a Soviet officer's cap. It changed owners for DM75. The East German said Soviet soldiers were only selling uniform caps to East Germans for DM's, so there was not much profit in them.

Elderly Berliners are reminded of 1945, when the relics of the Nazi era were sold to Allied soldiers. The young East Germans selling the memorabilia have few compunctions about their role. East Germany itself, after all, is selling two-metre-wide segments of the Wall, torn down last month, to Westerners for up to DM500,000.

Leslie Collett

Genius of the Place

Shrine of the Janeites

LITERARY shrines offer you a book in which to leave some record of your presence. While signing, it is worth looking at those who have come before you. I had thought Jane Austen to be largely loved by ladies of the English middle and upper middle class, but to judge from the signatures at Jane Austen's house in Chawton, Hampshire, many Americans and Europeans also consider themselves Janeites.

Non-Janeites, including myself, will be impressed. When Jane says that: "It is a truth universally acknowledged that a single man in possession of a good fortune must be in want of a wife," we see that from Cologne to Kansas City it is recognised that moneyed bachelors cause a stir in the neighbourhood (or neighborhood). We see that you do not have to write *War and Peace*, or even *The Satanic Verses*, to be universally known.

Those of us who like our writers to have been also bootblackers, farm hands or prize-fighters, may reflect upon the universal success of a lady for whom world politics and travel beyond the south of England held barely a jot of interest; and be indulgent to this lady as we tread over the creaky floorboards of her house.

Apart from the floorboards, everything at Chawton speaks daintiness, niceness, just-rightness. Laura Ashley provides the suitable backdrop to the dolls, the fans, the silhouette portraits and the spillikins. There, in a locket, is a snip of Jane's hair; there the cup and ball with which she played endless games of bilboquet. And there is her Cantonese needlework cabinet: its lacquered emblems of pagodas and puppet-like people seeming to mirror the artifice and trivial etiquette of late Regency England.

Jane Austen, after an original family portrait

In the garden are pinks and mignonettes, established since the Austen ladies did their delicate pottering there; in an outhouse, the little donkey-drawn carriage in which the ailing Jane took rides for a supposed convalescence. Her admirers will be gratified. Jane's brother, Edward, had a large place in the village which is now due to be converted into a country hotel, with golf course and all, but Jane's house will stay on, supported by a Memorial Trust.

It must delight foreign visitors, who do not realise quite how fossilised is a village such as Chawton – or who have not read Jilly Cooper for an uglier, more up-to-date portrait of life in the English counties. Tearooms near the house assist the spirit of gentility, and a generous if simple lunch may be had at the Greyfriar, just opposite the house. Those horrified by the thought of an entire village done out by Laura Ashley might consider driving on to Selborne.

The *raison d'etre* of Chawton is something less nostalgic than English style, and less fussy than the frilly jam-pot covers: it is Jane Austen's writing. It may be that her subject is not our cup of tea, or at best we find it a weak cup of tea; all the same, even the non-Janeites know that her prose is a strong and beautiful instrument. Some pertinent lines of appreciation are displayed in the house, from Sir Walter Scott. Any writer, he says, can bark in the "big bow-wow strain"; but very few can get the "exquisite touch" which Jane Austen has.

This is true, and her style alone will probably ensure that Jane is still gaining admiration when Jilly has been ditched into oblivion. The admirers do not mind that Jane never blacked any boots, or sold any matches; nor do they complain of the limitations of her parish (how could those balls at Basingstoke so continuously absorb such an intelligent personality?). As they say, Jane's great gift was for universalising the parochial – or parochialising the universal.

There is a parish church, St. Nicholas, at Chawton: Jane's mother and sister are buried there. As I walked away from it, it occurred to me that Jane Austen would have made an excellent vicar. Imagine her at tea – laughing with us when we laughed, weeping with us when we wept – doing all that a good vicar ought to do. I would bet that her sermons improved upon those of many men at General Synod.

■ *Jane Austen's house, in Chawton, near Alton, Hants., is open daily 11.00am – 4.30pm, from April 1 to October 31; closed Mondays and Tuesdays during March, November and December; and open Saturdays and Sundays only from January 1 to February 28. For further details tel. Alton 83262.*

Nigel Spivey

Archaeology

Fertile finds from foreign fields

THE MOUNTAINS of Crete range from the jagged and threatening to neat cones topped with small white chapels. From a distance, they have a remote, mysterious look but in fact are sociable places: shepherds and cheesemakers like company for an afternoon of drinking *tsikoudia*, the island's potent firewater.

The Minoans who ran the island in the Bronze Age clearly appreciated this combination of the awe-inspiring and the convivial. They frequented what archaeologists call peak sanctuaries, apparently to worship a deity in the open air and do a fair amount of ritual drinking.

Dr Alan Peatfield, a Minoan specialist who looks after British archaeological activity at Knossos, recently excavated a peak sanctuary in southwestern Crete. It was an out-of-the-ordinary dig, because most Aegean archaeologists prefer to work by the sea at sites with the kind of monumental architectural remains that promise rich finds.

There were no buildings at all at Atsipadhes Korakias, just some curious natural rock formations and two terraces, one above the other, with a breathtaking view of a long, cultivated valley and, in the distance, the grey mass of Mount Ida, Crete's biggest mountain. But the finds included thousands of broken drinking cups and clay offerings, among them the largest collection of human phalluses – about 50 – ever found on the island. "We didn't immediately realise what they were. Some looked like the horns of broken cow figurines that we had lots of. But in fact the glands were quite clearly modelled. The curious thing was, we only found one pair of testicles," Dr Peatfield says.

Unlike the classical Greeks, the Minoans never went in for erotic art or the showier kinds of fertility cult, despite their paintings and figurines of topless goddesses. The bare-breasted women in the frescoes from the Minoan palaces and villas are shown at religious festivals or in flower-filled gardens.

The first excavators on Crete in the early 1900s, brought up in the Victorian tradition, were apparently too embarrassed to mention finds of clay models of human genitalia in their scholarly reports. Even Sir Arthur Evans neglected to publicise some that he found while unearthing the palace of King Minos at Knossos.

Dr Peatfield thinks the absence of Minoan erotica may reflect the existence of a matrilinear tradition in prehistoric Crete, with kinship traced through one's mother, "but I certainly don't mean it was a matriarchal society, though I'm willing to believe in a Great Goddess being worshipped at the peak sanctuaries," he says. The phalluses from Atsipadhes were only a small percentage of the offerings pushed into clefts in the rocks or piled nearby. Most of the 2,000 figurines were cows or worshippers – men wearing kilts with a codpiece and a dagger stuffed into their belt, women in bell-shaped skirts. There were also separate arms and legs, probably offered in search of a cure.

"The phalluses might indicate an epidemic in that valley, something regional. In the same way, the cow figurines suggest that cattle-breeding was important there." Despite the name, peak sanctuaries were sited below the summit, usually on a prominent spur which was clearly visible from the settlement below. Getting to them meant a two- to three-hour walk carrying food and what study of residues in the cups will probably reveal as wine. They flourished in the period of the Early Palaces, between 1900 and 1700 BC. But most were slowly abandoned as economic and religious activity came under tightly centralised control from Knossos and other major power centres in the Later Palace period.

Worship at peak sanctuaries was for ordinary people, Peatfield says, not to be compared with the goings-on at indoor shrines near Knossos, where one fairly recent excavations produced evidence of a human sacrifice and another of ritual cannibalism.

The sanctuary cults have a direct descendant, he believes, in popular pilgrimages to the mountain chapels on the feast-days of their patron saints, when hundreds of Cretans spend the day drinking and dancing.

Gerald Cadogan

Alaska's dirty dollars

Continued from Page I

Exxon has brought it all back. I realise I cannot run away from it even here," she says.

The writers and artists who populate Homer and Kamechak Bay threw themselves into the fight against Exxon and the oil spill. Some organised volunteer crews to clean up stretches of polluted beach using what they claimed were environmentally sound techniques – they washed rocks by hand, refusing to use Exxon's high powered hoses. Some used the oil spill to spearhead the growth of environmental groups throughout Alaska. Some, like Nancy Hillstrand, organised otter rescue stations. Many become media professionals, regularly appearing in print or on television to damn Exxon's efforts.

The fragile unity of the fishing fleet collapsed on Exxon's arrival in Homer. The leaders held out against Exxon gold. Ken Castner is proud to have turned down eight contracts, designed, he says, to lure him from lobbying in Juneau. Dan Calhoun, a teacher turned fisherman, refused Exxon's offer of a contract to make up for loss of earnings while negotiating compensation for the fleet. "I didn't have enough space in my back for all the knives which would have been planted there if I had been representing the industry while being paid by Exxon," he says wryly.

Tom Nathanson, by contrast, has none of the instinctive distrust of the oil industry felt by many in Homer. In the past, he has even put the oil rigs in Cook Inlet to use during the fishing season. "I've let my gill nets hang off the rigs. There's life living off them. You get crabs, muscles, beluga whales and all kinds of fish in the waters around the rigs."

Yet few fishermen – not even Nathanson – enjoyed being on contract. Overnight, they ceased being their own bosses and began to work for a great bureaucracy. Nathanson often had to spend a whole day in harbour on his 43 ft boat Bonanza waiting to hear whether Exxon needed him to deliver supplies. "While I didn't work hard, I felt very stressed. You must remember that fishing is an isolationist form of activity. Fishermen like taking risks, depending on themselves for a living. Working for Exxon was the exact opposite. It made us totally dependent on a faceless entity," Nathanson explains.

People like Nathanson who worked contracts say three quarters of Homer's fishermen did likewise. Those like Dan Calhoun who went without contracts put the figure nearer, a quarter. What is not in doubt is the bitterness between those on either side of the gravy train.

Nor in much doubt is the minimal impact that the oil has so far had on the fish. Fish have a metabolism that is ultra-efficient at expelling unwanted material. In Anchorage, Bob Mastracchio, Exxon's technical manager in charge of the clean-up, says: "Not a single fish was killed by the oil."

Chuck Meacham, fishery manager in Fish and Game's oil spill team, does not like talking about what happened last summer, because he is preparing data for the State of Alaska's mammoth law suit against Exxon. But he will be drawn enough to say: "I'm not sure Exxon will be proved right in court about the number of fish killed."

Even so, the state authorities concede that the numbers of fish killed were relatively few. Their real concern is whether the young fish hatched last year will have been damaged by the spill. They also want to ensure that Exxon finishes the clean-up to the state's satisfaction when the operation resumes in the spring.

Tom Nathanson, for one, has decided what he will do this summer. "Many of my fellow fishermen want to go back onto contract. It appeals to that part of human nature that likes security. But I say: it's over, let it die. I'm going fishing."

LONDON PROPERTY

PRUDENTIAL Property Services

CHENISTON GARDENS, KENSINGTON, W8 £110,000
A one bedroom flat on the raised ground floor of this period conversion in a quiet street close to Kensington High Street. Leasehold 121 years.

ST. MARY ABBOTS COURT, W14 £130,000
A one bedroom flat with double reception room on the first floor of this popular purpose built block just off Kensington High Street. Needing modernisation - price accordingly. Leasehold 142 years.

PEMBROKE SQUARE, W8 £385,000
A charming four bedroom town house situated in an attractive, sought after garden square. Benefits include gas c.h., en-suite bathroom and rear garden. Freehold.

HYDE PARK GATE, SW7. £765,000
A spacious fifth floor flat with stunning views over Hyde Park to the North and Brompton Oratory to the south. The flat benefits from underground parking, lift and porterage. Leasehold 75 years.

CLEVELAND GARDENS, W2 £140,000
Close to Lancaster Gate and Kensington Gardens, a charming penthouse flat, 5th floor, 2 bedrooms, bathroom, reception room, kitchen, access to communal gardens, lift, terrace.

ST. GEORGE'S FIELDS, W2 £169,500
A 2 bedroom maisonette with marvellous communal gardens and underground parking space. 2 bedrooms, bathroom, reception room, kitchen, balcony, parking space. Leasehold 198 years.

OXFORD SQUARE, W2 £375,000
Excellent modern town house overlooking beautiful square gardens in a quiet location close to Hyde Park. 3 bedrooms, 3 bathrooms, 3 receptions, kitchen, garage space, roof terrace.

SUSSEX PLACE, W2 £140,000
Needing total modernisation is this spacious flat on the third floor of this stucco period building. Period features abound; bright southerly aspect, 2 bedrooms. 95 years.

QUEENS GARDENS, BAYSWATER, W2 £92,500
Ideal one bedroom flat on the third floor of this elegant stuccoed house. Glorious garden square views, open plan kitchen, low outgoings, close to underground and shopping.

DAVIES ST, MAYFAIR, W1 £265,000
Large flat requiring some refurbishment in period building with lift, porter and long lease in excellent location. 2 reception rooms, 3 bedrooms, 2 bathrooms and well fitted kitchen. 68 years unexpired.

UPPER GROSVENOR ST, MAYFAIR, W1 £275,000
Spacious and secure apartment in well kept portered building which would be ideal as a pied a terre or a letting investment. Reception room, 2 bedrooms, kitchen, bathroom and communal garden. 48 years unexpired.

HAMILTON PLACE, MAYFAIR, W1 PRICE ON APPLICATION
Last two remaining flats in a small luxury development of six. Excellent features including basement car parking, roof terrace, lift, porter and proximity to both Green Park and Hyde Park. 2/3 bedrooms, 1/2 reception rooms, 2 bathrooms, kitchen. 125 years unexpired.

PIMLICO £180,000
Spectacular two bedroom flat set on the first and second floor of a handsome building, forming part of a luxurious fully portered development. Two bathrooms, reception room, kitchen, parking.

PIMLICO £120,000
Beautifully presented one bedroom flat situated on the third floor of a stucco fronted block. Large reception, bathroom, kitchen, lift. Ideal pied a terre in a convenient location.

PIMLICO £265,000
A particularly stylish maisonette on the upper floors of a corner period building. Enjoys bright accommodation and comprising large reception, dining, kitchen, two bedrooms, two bathrooms. Roof terrace.

ISLE OF DOGS £85,000
A very spacious two bedroom flat offering excellent value for money. 22' Reception room, kitchen/breakfast room, 2 bedrooms, (one with en suite shower room), bathroom.

ISLE OF DOGS £79,950
Delightful one bedroom apartment well situated for transport to the city. Views towards the river, secure under cover parking and storage. Offered in excellent condition with a choice of carpets.

WAPPING £159,950
Three bedroom house offering spacious and adaptable accommodation, presented in luxurious order throughout, benefiting from both front and rear gardens.

WAPPING £128,000
A 3 bedroom, 3 storey town house, spacious accommodation including- kitchen/dining room, reception room, 3 beds (one with en suite shower room), family bathroom, integral garage, off street parking. Excellent value.

RANDOLPH AVENUE, LITTLE VENICE W9 £115,000 L/H
Keenly priced for today's market, this well maintained two bedroom flat offers spacious living accommodation and is an ideal base for the city and West End.

CLIFTON COURT, ST JOHN'S WOOD NW8 £149,950 L/H
First floor two bedroom flat in popular block with superb views over the communal gardens, conveniently located to shopping and transport facilities.

AVENUE ROAD, ST. JOHN'S WOOD NW8 £790,000 L/H
Superb newly modernised four bedroom flat with direct views over Regent's Park, designed with quality fittings throughout and no expense spared to create an ultra modern home.

ISLINGTON N1 £265,000
A stunning three bedroom Victorian mid terraced property located on this quiet residential turning. The property has undergone total refurbishment. A short walk to Angel Tube Station.

BARBICAN, EC2 £155,000
A bright and spacious two bedroom maisonette contained within this popular house in the Barbican with breathtaking views across a large communal garden. The property is in excellent decorative order.

HIGHBURY, N5 £97,500
A two bedroom garden maisonette set within this Victorian property. The flat has been extremely well maintained, retaining some period features. Moments to Canonbury British Rail Station.

CRANLEY GARDENS, SW7 £295,000
A superb third floor flat conveniently situated in the heart of South Kensington. Reception room, two bedrooms, bathroom, fully fitted kitchen, two patios, lift. Lease 89 years.

WATERSIDE POINT, SW11 £385,000 - £360,000
New 4 bedroomed houses in this luxury Thames side development adjoining Albert Bridge. Living room, dining/bedroom 4, 3 bedrooms, 3 bathrooms, cloakroom, 2 parking spaces, NHBC guaranteed. Lease 125 years.

CADOGAN SQUARE, SW1 £385,000
Situated close to Knightsbridge, a ground and lower ground maisonette with west facing patio. 3 bedrooms, 2 bathrooms, large reception, kitchen/breakfast room, cloakroom, resident porter. Leasehold 87 years.

AN OUTSTANDING PORTFOLIO OF 21 TENANTED FARMS

Versatile and Highly Productive Land

Predominantly Grades 1 and 2

Current Rent about £452,000

COMPRISING 7,000 ACRES

For Sale as a Whole by Private Treaty

CLUTTONS

45 Berkeley Square, London W1X 5DB
Tel: 01-408 1010

Joint Agents: Savills 01-730 0822

PARKVIEW
FULHAM HIGH STREET, LONDON SW6

REMINDER

INFORMAL TENDER

CLOSING DATE 12 NOON 8TH MARCH 1990

FOR SALE

AN UNBROKEN RESIDENTIAL/ COMMERCIAL BUILDING

Mixed commercial/residential long leasehold building with panoramic views to the rear over Bishops Park across to the Thames.

- 53 vacant flats
- 60 tenanted flats including 3 long lease-hold flats
- Planning consent for 10 penthouses
- 23 retail units
- Highly reversionary investment
- Available as a whole or commercial and residential separately

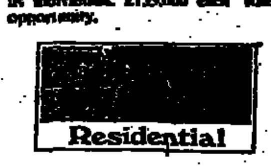
SOLE SELLING AGENTS

FARRAR STEAD & GLYN

01-373 5075

CHELSEA, SW3

Three new one bedroomed conversion flats nearing completion. Very high specification, original features, long leases, to be sold as a whole or as individuals. £135,000 each. Rare opportunity.



Residential

01-823-9799

A.J. & D.E. FOLKES

CONVEYANCING £170*
Sale/Purchase/Remortgage/ Residential Property

Fee includes mortgage related work when we act for your lender.
*Plus VAT and Disbursements

81 Greenfield Avenue, London W7 1LL
Tel: 01-840 0080/3333

SOLICITORS EST 1918

BELGRAVIA, SW1

Spacious apartment on top two floors of Grade II listed period house. Large reception, kitchen/diner, 3 double bedrooms, 2 bathrooms, 2 cloakrooms, loft and storage vault. Very convenient central location, low outgoings, suitable as family London base or company flat. Reduced from £255,000 to £175,000 for immediate sale.

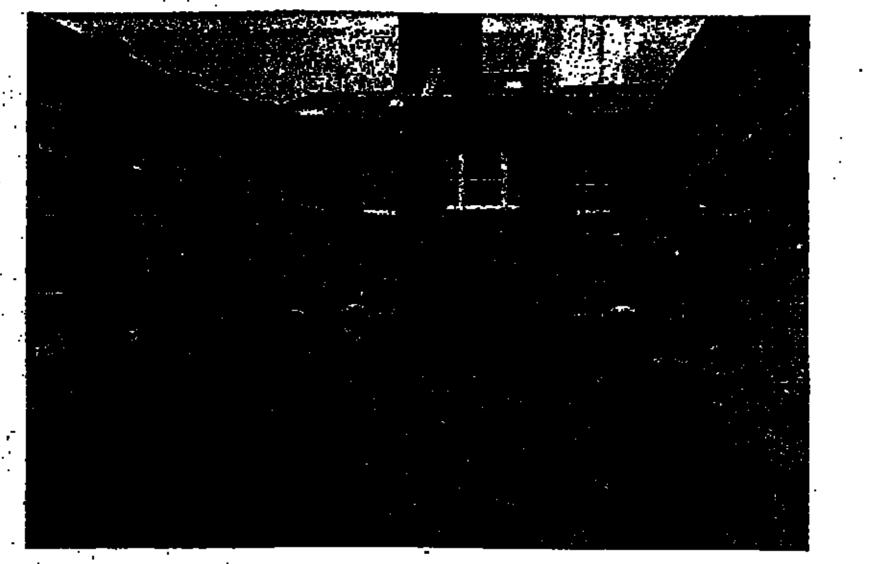
Viewing strongly recommended. For appointment telephone 01-219 4501 (office hours) or 01-730 6159 (evenings, early mornings and weekends).

Riverside Apartment
41, Rosebank, Holyport Road, SW6
2 double beds, large drawing room, underground parking, resident porter.
Open for viewing Sunday, 10am to 1pm.
Price £140,000 or offer.
Tel: 01 385 5734

EATON SQUARE, SW1 Penthouse on 4th floor with 92 overlooking the gardens. Dbl Bed, Bath & Cloak. Excellent Recep with balcony. Superb Kitchen. Assured Tenancy for 5 years at £7,480 p.a. (reviewable). £89,950 Friend & Falcke 01-730-9954

BELSIZE PARK NW3 3 mins tube. Quiet P/B 1st flr flat. Lift. 3 beds, twin recep, bay windowed rooms, garage, patio, communal gardens. Fitted kit, bath, 2 WC, etc. £140,000. Tel: 0702 - 213025 anytime.

Capture the grandeur of the Georgian era



CRAWFORD STREET LONDON W1

Tarrant Place is a unique courtyard of distinctly grand houses quietly located by St Mary's Church, Wyndham Place, off Crawford Street W1. Two bedroom houses from £350,000 and three bedroom houses from £480,000. Showhouse open Monday to Friday 12 noon to 7pm, Saturday and Sunday 12 noon to 5pm (Tel: 01-724 2404). Illustrated brochure available from Egerton Estate Agents (Tel: 01-584 7020).

TARRANT PLACE
CRAWFORD STREET W1

Lovell Homes London Limited, Times House, Station Approach, Ruislip, Middlesex HA4 8JA, England. Telephone Sales (0895) 622100. Fax (0895) 621577.

Lovell Homes

Prices correct at time of going to press and exclusive of ground rent and service charge.

EGERTON

INTERNATIONAL PROPERTY

FENALU

PROPERTIES IN PORTUGAL

- Lisbon, exceptional 18th century palace. 11,000 sq m. site in the best residential area.
- Estoril, large ocean front villa, private access to beach. 1,200 sq m., needs complete refurbishment, could be divided in several flats.
- Cascais, central location, excellent apartments in new building. Heated pool, sauna, garden and parking. Ready for January 1992.
- Algarve/Armação de Pera, newly constructed 45 bedroom 4 aparthotel directly by the beach with all facilities.
- Algarve/Quinta do Lago, 4 bedroom villa on the fairway, in excellent condition.
- Algarve, 210 hectares of rustic land near the beach and 5 kms. from Lagos.
- Algarve, 20 hectares of land near Tavira. Ideal for development.

LISBON OFFICE
Telefs: 65 22 74/65 48 11
Fax: 69 31 07

FARO OFFICE
Telef: (089) 812314 - 24
Fax: (089) 29711

SUNSHINE CANYON ESTATE
Boulder, Colorado

Striking multilevel Contemporary on 37+/- private acres with panoramic views of the Rocky Mountains and city lights. 14' ceilings, custom oak millwork. Artist's studio. 4-6 bedrooms, 7 baths. Indoor pool, sauna, outdoor spa, decks, tennis court
$1,260,000 Brochure # 1065004

Local inquiries should be directed to:
Exclusive Affiliate:
COLORADO LANDMARK, REALTORS
2334 Broadway, Boulder, CO 80304
303/443-3377

International Marketing Services Provided By:
SOTHEBY'S INTERNATIONAL REALTY
980 Madison Avenue, New York, NY 10021
800/848-2541

PRIME LOCATION
New York City

3 story brick Georgian townhouse in triple mint condition. Fabulous architectural detail and proportions throughout. Ideal for single family or rental income. Contact Mary Kent at 212/606-7705 or 212/472-1786.

SUTTON PLACE TOWNHOUSE
New York City

5 story, 11 room elegantly renovated residence. 6 bedrooms, beautiful mouldings, high ceilings, and woodburning fireplaces. Patio leads to a private garden overlooking the East River. Realistically priced at $8,700,000. Contact Marie Marcus at 212/606-7669.

SOTHEBY'S INTERNATIONAL REALTY
980 Madison Avenue, New York, NY 10021
212/606-7660 FAX # 212/606-7661

L'ESCALA COSTA BRAVA
RESERVE YOUR PLACE IN THE SUN

IN SPAIN'S OLYMPIC PROVINCE WHY WAIT UNTIL 1992. LUXURY 3 BEDROOM, 2 BATHROOM VILLAS. PRIVATE POOL. SELECT AREA ONLY 800 YARDS FROM AMPURIES BEACHES, VENUE FOR 1992 OLYMPIC TORCH CEREMONY. EXCELLENT VALUE ONLY 3 REMAINING AT THIS PRICE £75,000 LOW COST MORTGAGES AVAILABLE. FULL PORTFOLIO FROM £30,000.

PHONE TODAY 0858 716189
CASA INTERNATIONAL

MARBELLA to SOTOGRANDE

Try this Royalty's Paradise with Idyllic Climate for your Dream Home. Super Apartments on Golf with Excellent Rental Return. Villas/Town Houses in Tranquil Sophisticated Surroundings. Also Building Plots/Bars/Restaurants/ Investment Ideas. British Managed Company. Refundable Inspection flights from London/Manchester.

Contact
INTEREALTY
0793 541295/541290

MARINA DEL ESTE

Luxurious beachfront penthouse apartment on this secluded development with tennis and riding clubs. 90 minutes from the Sierra Nevada. Large lounge, din room, F/F kit, utility rm with auto wash machine. 3 beds, 3 baths, A/C + heating. Marble floors, private lift. Sale includes Suzuki jeep, 15m berth & furniture are avail as extras if reqd. Would part exchange property in England.

Tel: 0842 816261
Fax: 0842 813874

SWITZERLAND
ROUGEMONT/GSTAAD

An exclusive development of luxury apartments just minutes from Gstaad. Phase 1 sold out. Phase 2 commencing now. Only 6 apartments available to non-Swiss. Superb designs and stunning views. Reservations now being taken.

2 bedroom apts from SF 760,000
3 bedroom apts from SF 880,000

Contact the Swiss Specialists:
Hilary Scott Overseas, Church Lane, Barnham, W. Sussex. Tel: 0243 554319 Fax 0243 553498

VILLARS SWITZERLAND
SKI AND SUMMER RESORT

70 minutes from Geneva airport
A choice of distinguished chalet apartments in prime positions situated on our exclusive private park or in the village centre
Direct sale from the developer
Attractive low interest Swiss finance
APPROVED SALE TO NON-RESIDENTS
Contact: David de Lara
34 Faroe Road London W14 0EP
Tel: 01-603 1371 Fax: 01-602 6877

IMMOBILIER DE VILLARS S.A.

FLORIDA GOLF COURSE HOMES

Buy a Golf Course or Gulf Coast vacation home direct from the builders. We have the best locations for rental income and capital growth. New homes including pool from £60,000. Mortgages, rental, and management service readily available.

For brochure and details of our £175 viewing programme U.S.L. Inc. 01 648 4844. Fax 01 640 3992

Neo Moorish House in Sierra Nevarda, Andalucia. Nr snow & sea. Pillared courtyard, stable, small gdn, 6 beds, loft, vast rooms, original detailing throughout. Owner/architect can arrange renovation. £26,000 no offers. 01 455 1651.

BUYING OR SELLING OVERSEAS PROPERTY? Call for our FREE 48-page guide. Overseas Property Match 01-542-6060.

ALGARVE. Luxury villas & apartments. £88,000 to £250,000. Portuguese Property 0836 32763.

CYPRUS Property exhibitions of Acropaphos Homes 10a.m. - 9p.m. March 11 1990 at The Post House Hotel Purley Way Croydon Surrey Tel: (0225) 461541. Diana Properties, Box 381 Paphos Cyprus Tel: (06) 241601 Fax: 234717.

MADEIRA - Luxury 2 bed/2 bath Oceanfront apartments. 12 months rentability. £98,750 F/H. Tel: 01-631 3273.

FLORIDA - Orlando/Gulf Coast. Luxury homes to buy/rent. Tel: Florida Vacation Homes 0532 606665.

CYPRUS
PROPERTY EXHIBITIONS
MARCH 1990

3rd SOLIHULL - George Hotel
4th OXFORD - Linton Lodge Hotel
7th LUTON - Crest Hotel
10th PETERBOROUGH - Swallow Hotel
11th NORWICH - Nelson Hotel
14th COLCHESTER - Marks Tey Hotel

Weekends 10 a.m. - 7.p.m.
Wednesdays 12 noon - 10 p.m.

- For SALE FREEHOLD
EXCLUSIVE DETACHED VILLAS
LUXURY FLATS - MAISONETTES
SHOPS - OFFICES - LAND
- FINANCIAL TERMS AVAILABLE
- DAILY INSPECTION FLIGHTS

For further information

Leptos Estates
The Leading Property Developers
555 Green Lanes, London N.8
Tel: 01-3408086/8781
Fax: 01-3414344
or 111 Ap. Pavlou Ave, Paphos CYPRUS
Tel: 061-33775, Fax: 061-34719

PORTUGAL
Algarve - Sagres

Apartments for sale.
Front of beach with swimming pool and tennis near Golf.
Prix £29,000.
Vilamorte - Campo Pequeno
50-1° Dt°, 1000 Lisboa.
Tel. 01 779350 Telex. 62743

COUNTRY PROPERTY

NORTH ESSEX

A splendid detached modern house in superbly landscaped gardens of approximately ½ acre. 3 Reception rooms, 5 bedrooms, 3 bathrooms. £297,000

Old Town Hall, Great Dunmow. 0371 872117

NEW TOWN EDINBURGH

Ground & garden family flat in converted georgian townhouse, drawing room, dining room large dining kitchen, 4 beds, 2 baths, patio & garden. Offers over £180,000 Further particulars from:
J.D.F. Chute W.S.
5a South East Circus Place
Edinburgh EH3 6TJ
Tel: 031 225 4574

SANDWICH BAY Immaculate, Detached, 4 Bedroomed House, 300 yards from private beach, 2 miles from Championship Golf Links. Venue for 1993 British Open. Canterbury 12 miles, Dover 8 miles. Totally re-furbished to provide comfortable, economical, labour-saving living:- entrance porch, large reception hall, cloakroom, large drawing room, dining room, fully fitted kitchen/breakfast room, lobby, integral fitted double garage, separate boat access. 4 double bedrooms, 2 luxury bathrooms, gas C.H. Double glazing, spacious attic. Large enclosed gardens, space for tennis court/swimming pool. Planning permission granted for extensions to both wings. Comprehensive details available. Viewing essential: OWNERS EMIGRATING. SUBSTANTIALLY REDUCED FROM VALUATION. PRICE: £230,000 Freehold (0304) 614898.

PERRYMANS QUAY On the Hampshire coast, is not another marina-based housing estate. It is quite simply 8 delightful 2 bedroom beachside houses in a quiet village on Southampton water. Prices from £129,500 freehold. Information on remaining houses, moorings etc contact Philip Pocock on 0703-458851 or 872100

WARWICKSHIRE - Turnpike Cottages, Alcester. Del. part thatched/timber framed country cottage dating back circa 1550. 3 rec, 4 bed, 2 bath, CH. Listed barn/garage block. OIA £275,000. ANDREW GRANT WORCESTER (0905) 24477.

EDINBURGH - NEW TOWN FLAT. Views of the river Forth and Edinburgh Castle. Double upper flat comprising: lounge, 5 bedrooms, 2 bathrooms, usual extras, recently renovated. Offers over £120,000. 031-552 9880 or (0831) 436192.

RELOCATING TO NORTHERN ENGLAND? Buying or renting, Northern Property Search offers a home search & relocation service in Yorkshire, East Lancashire & the lakes. Tel: 0535 607990.

RIVERSIDE MEWS - 2 bedroom mews cottages and apartments, each with unique character, within sympathetically restored Grade II listed buildings. On the bank of the River Meon in one of Hampshires prettiest villages only a few miles from Winchester. Prices from £85,000. Brochure from sole selling agents - Jettate Harris 0962 841842. Sales office open every day 10am - 5pm. 0329 834322.

SHOOTS & FISHINGS

GROUSE MOOR

2000 ACRES IN THE LAMMERMUIRS
10 YR AVERAGE 250 BRACE
COTTAGE

John Sale Limited, 7 Bank Street, Galashiels. Tel.0896 4942

Folkard & Hayward

WEST END OFFICE
Tel: 01 935 7799 Fax: 01 486 6877

BICKENHALL MANSIONS W1
A fifth floor spectacular flat with lift. Close to all West End facilities Very large double reception, 3 bedrooms, computerised lighting, en suite jacuzzi, further 2 bathrooms.
LEASE 109 years
PRICE £385,000 subject to contract

UPPER MONTAGU STREET W1
A substantial period residence on 5 floors currently as 4 flats. Small patio garden.
FREEHOLD.
PRICE £475,000 subject to contract.

THE QUADRANGLE W2
A visually stunning 3 bedroom duplex penthouse apartment, in need of complete modernisation. 2 west facing terraces, 3 bathrooms. Ideal for entertaining.
LEASE 96 years
PRICE £425,000 subject to contract

CHELSEA OFFICE
Tel: 01 584 6391 Fax: 581 3439

BASIL STREET SW3
Requiring redecoration, potentially superb family-sized 4th floor flats in excellent block close to Harrods. Drawing rm, dining rm, 4 bedrooms, 2 baths, kit/breakfast rm, large balcony, lift, residential porter.
LEASE 65 years
PRICE £525,000 subject to contract

CHELSEA SW10
Recently decorated, bright and well-proportioned 3rd floor flat with lovely east/west views from principal rooms. EXCELLENT VALUE. Reception, 2 double bedrooms, kitchen, bathroom, resident porter.
SHARE IN FREEHOLD
£142,500 subject to contract

Discounted Property Investment

5 excellent refurbished 2 bed apartments for urgent sale. One let to blue chip bank at £800 p.m. 4 available for immediate occupation. Excellent location Twickenham - Ideal London & Heathrow
Best offer over £375K
for all 5 Freehold
Owens Ltd, P.O. Box 137 Amersham, Bucks HP7 0BS
Tel: 02406 6354 Fax: 0494 722626

TERRACED HOUSE, WEST WIMBLEDON, SW20

PRICE £135,000 FREEHOLD

Sought after location, close to BR station and amenities. Refurbished and redecorated, including new central heating, poggenpohl kitchen and luxury bathroom. Lounge thro Dining Room 30'. Two double size bedrooms. South facing garden and patio 45'

Phone 946 5548 (answer phone)

W14 Fully furnished, new 4 bed Dutch cotenhouse style town house, garage & garden. £260,000 Tel 01-354 3005. Anne Robinson daytime (?)

HIGHGATE VILLAGE N6. 5 bed victorian family house with s/c 2 bed flat, garage, 140' garden. Moments from Kenwood + Heath. Benham & Reeves 01-948 2341 anytime or 01-349 4134 Sat and Sun.

RELOCATION

INDEPENDENT LONDON PROPERTY SEARCH SPECIALIST. Personalised speedy service for the busy executive. Properties & Interiors 01-674 6000. Fax: 01-381 6865.

COUNTRY PROPERTY

A riverside haven

IN PICTURESQUE TEWKESBURY

The exclusive Fitzalan Court, alongside the River Avon, is the ultimate in quality, luxury and style. These 3 and 4 bedroom townhouses are superbly fitted and some have moorings. For more information call (0684) 294863.

Fitzalan Court

SECOND CITY HOMES
A MEMBER OF THE BEAZER HOMES GROUP
STATION ROAD, WORLE, AVON TEL: (0934) 518821

HOLIDAY INVESTMENT HOMES IN CORNWALL

From £39,950 to £110,000
Capital Gains Tax
Roll Over Relief with
Total Management of UK Property investments. Refinancing up to 90% of total funds available from major UK banks. Release of capital-income-security-capital growth holidays. NO MINIMUM OR MAXIMUM INVESTMENT

Details from Domaine Leisure Ltd, Kenegie Manor, Gulval, Penzance, Cornwall, TR20 8YN Tel: (0736) 65671.

HAYWARDS HEATH (London 40 mins)

Immaculate 4 bed detatched neo-Georgianhouse.2 bathrooms,large through lounge,dining room,kitchen,utility,study.
Large garden,double garage.Situated in quiet cul-de-sac near centre of town.

£179,950.

Ring 0444 415543.

PROPERTY EXCHANGE IS THE ELEGANT WAY TO MOVE HOUSE

This buy/sell system, many years on the statute books, is ideally suited to the 1990 Property Slump.

AT

NATIONAL PROPERTY EXCHANGE

WE CURRENTLY HAVE OVER 3,500 REQUESTS FOR IMMEDIATE DOMESTIC RELOCATIONS

SHOULD YOU BE A SUBSCRIBER?

Ask for "info-pack 38"

0705-754985

Ansaphone out of hours, or write: "NPE" P O Box 172, Southsea, Hants;
"NPE" is NOT an Estate Agency

DERBYSHIRE

A well restored FARMHOUSE of considerable character and generous proportions comprising 4 reception rooms, 5/6 bedrooms. Gardens and grounds extending to approximatley 4 acres.

Range of OUTBUILDINGS with PLANNING PERMISSION for CONVERSION

Well developed RESIDENTIAL HOME.

BUILDING PLOT with Planning permission for the erection of a bungalow.

COULD BE DIVIDED. FULLY ILLUSTRATED PARTICULARS AVAILABLE

John German

The Rotunda
High Street
Burton on Trent
Staffs DE14 1LN
(0283) 42051

Foster

HORSMONDEN TONBRIDGE KENT

A delightful range of farm buildings with Planning Consent for 4 substantial rural dwellings

Details from Lambert & Foster

Paddock Wood (089283) 2325

77 Commercial Road
Paddock Wood
Tonbridge
Kent. TN12 6DR

A MEMBER OF
COUNTY GROUP

King & Chasemore

Ashburnham, East Sussex

Design Award Winning Brick Barn and Twin Oast conversion creating a substantial Country House. Situated in rolling Sussex Countryside with far-reaching views.
Battle Station 4 miles, Cannon St. 65 minutes. 8 Bedrooms, most en-suite, 7 Reception Rooms, Luxury Kitchen, plus self-contained annexe. Double Garage Walled Gardens, 2 acre paddocks.

Offers invited -
King & Chasemore,
Uckfield (0825) 765688

SUBSTANTIAL CHARACTER RESIDENCE

Half acre grounds. Currently used as HIGH-CLASS REGISTERED RESIDENTIAL CARE HOME FOR ELDERLY. Excellent income potential. Offers invited or £465,000 as a going concern due to retirement. Particulars from:

Joyes Leppard
Tunbridge Wells (0892) 511456

GA Town & Country

WEST SUSSEX/ HAMPSHIRE BORDERS
(Petersfield Station 9 miles, Waterloo 75 mins)

A CHARMING GRADE II LISTED FAMILY HOUSE IN THIS DOWNLAND VILLAGE SETTING.

5 principal bedrooms, 2 secondary bedrooms, 2 reception rooms, 2 bathrooms, wc, study, cloakroom, utility room, cellar, playroom, kitchen/breakfast room. Delightful gardens of about ½-acre and garage block.
REGION £575,000.

GA Town & Country, Pulborough.
Tel: (07982) 2432.
Please contact: John Lee

GUERNSEY - Come to live where the quality of life still counts and residential entry is simple. Price range commencing £275,000. Full property pack from Martel, Maides & Le Pelley Ltd, 50 High Street, Tel 0481 713463 or Fax 0481 711658

RURAL SETTING 8 Miles from Exeter.A delightful detached bungalow set in,and overlooking,the beautiful Devon countryside.3 double bedrooms,conservatory.Good sized gardens.£118,950. Tel:Mariners (0404)815272.

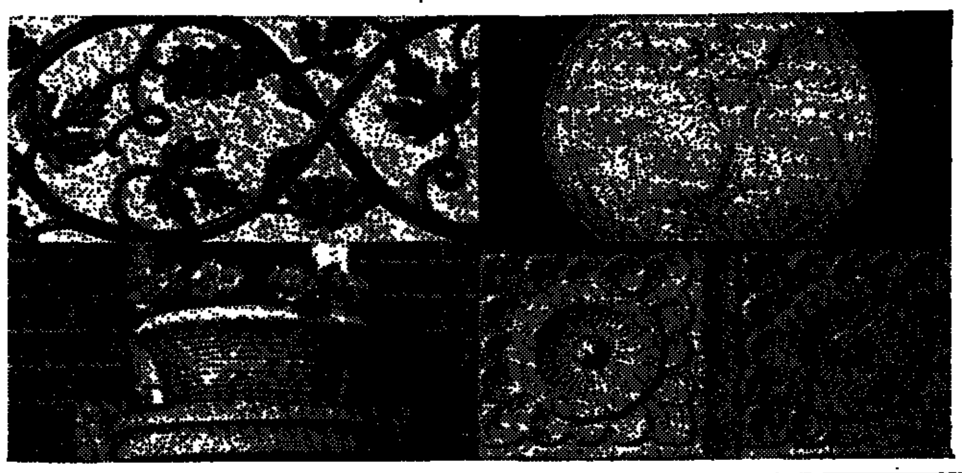
IMAGINE WHAT THE HOUSES LOOK LIKE.

Imagine a courtyard off Kings Road, Chelsea, where there are houses adorned with a profusion of ornamental features as well as having all the practical necessities for London living.

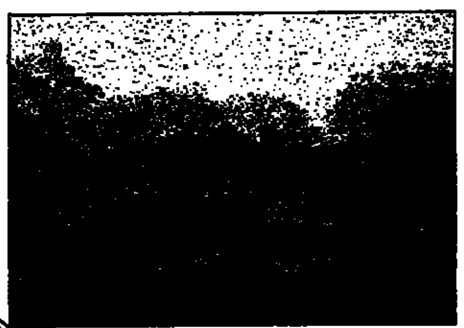
Imagine houses, most with their own garage and garden, that have rooms designed for extravagant comfort and with kitchens that are comprehensively equipped.

Prices start at £545,000 and to see how Charles II Place reigns call 01-351 9151 for a private viewing of the showhouse.

CHARLES II PLACE



PARKSIDE, KNIGHTSBRIDGE, SW1



A selection of magnificent three and four bedroomed apartments in this fine Edwardian block, featuring stunning views directly over Hyde Park, large entertaining rooms and 24 hour uniformed porterage
Each flat provides, 2/3 receptions, 3/4 bedrooms, 3 bathrooms and kitchen/breakfast room.
To let unfurnished. Prices from £850.00 per week.

MELLERSH & HARDING

CONSULTANT SURVEYORS & REAL ESTATE AGENTS
43 ST. JAMES'S PLACE · LONDON SW1A 1PA
TEL: 01-499 0866 · TELEX: 24310 · FAX: 01-408 1387

'The Best of Chelsea'

Seven outstanding interior designed apartments in this most prestigious location
One, two and three bedroom apartments;
£165,000-£395,000 Leasehold 124 years

RUSSELL SIMPSON 01-225 0277

Viewing by appointment via sole selling agents

SAVILLS 01-730 0822

RENTALS

BRUCE

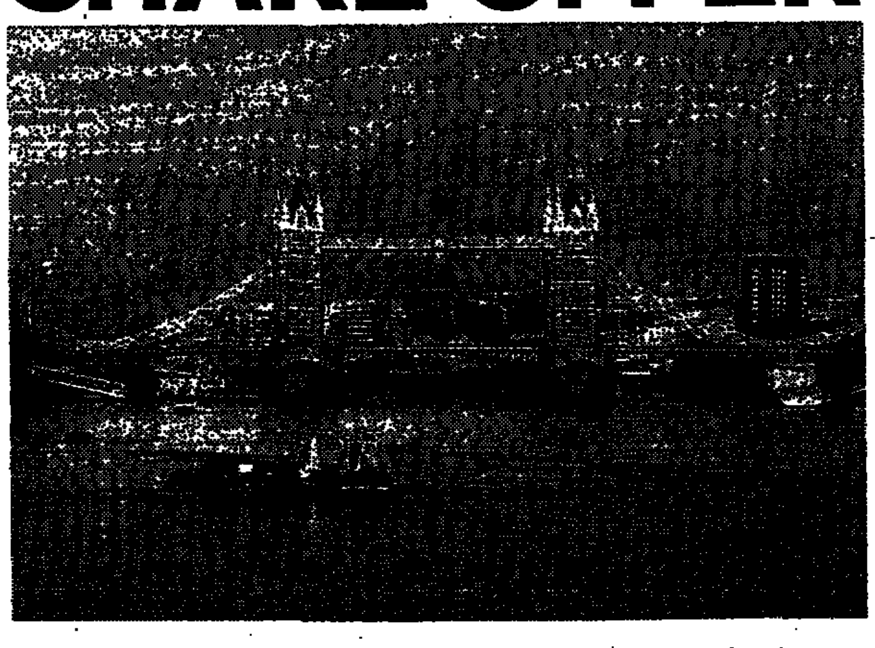
ARE YOU LOOKING FOR A RENTAL PROPERTY IN CENTRAL LONDON?

We have a large selection of property from family houses to one bedroom flats, furnished and unfurnished, short and long lets, in every price range.

PLEASE CONTACT TANYA BUTTERFIELD
KATE EARLE ON 01-937 9684

ST. JAMES HOUSE 13 KENSINGTON SQUARE LONDON W8 5HD

SHARE OFFER



Now you can invest in the most spectacular view across the Thames to Tower Bridge and The City of London.

This is the impressive outlook from Lovell's new luxury development of 4-bedroom town houses at London's historic Cherry Garden Pier.

These freehold properties represent an excellent investment opportunity for companies wishing to accommodate senior personnel and their families.

Located less than a mile from The Tower, we know of no other river-front houses closer to the The Square Mile. Cherry Garden Pier is one of our most exclusive developments and combines an unrivalled location with the benefits of modern construction for comfortable, economic living.

The area is well served by public transport and conveniently situated for the London City Airport. Excellent local shopping is available and includes the new Surrey Quays Complex.

Only 7 properties are being offered and prices begin at £255,000.

For an appointment to view, and information regarding purchase schemes, please call sole agents Carleton Smith & Partners, on 01 - 231 5150 or our show centre on 01 - 252 0681

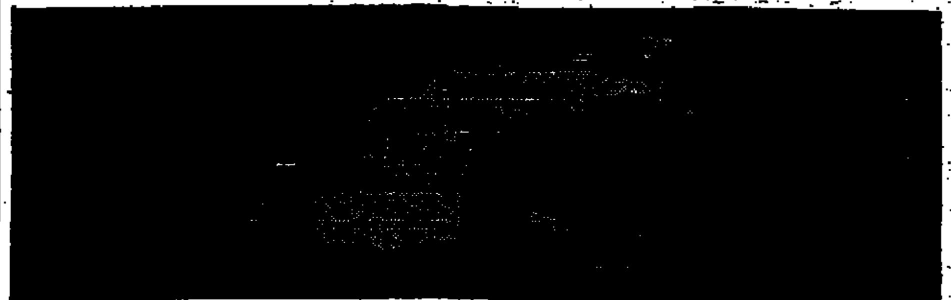
CHERRY GARDEN PIER

Lovell Urban Renewal

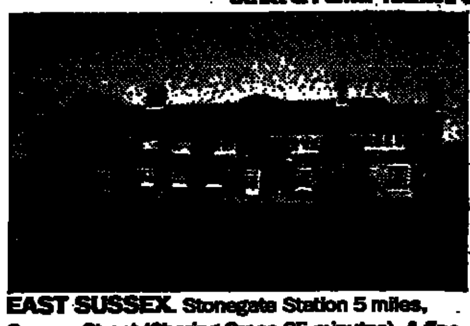
Prices correct at time of going to press applicable to next issue.

COUNTRY PROPERTY

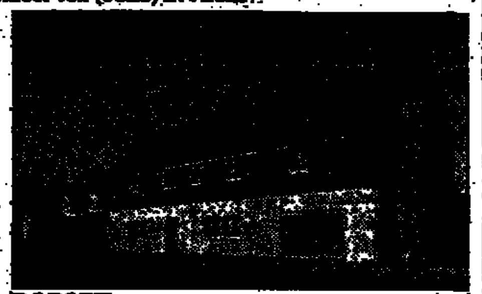
STRUTT & PARKER
13 HILL STREET BERKELEY SQUARE LONDON W1X 8DL
01-629 7282



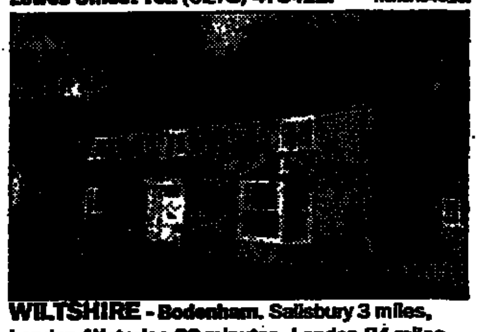
DORSET - Somerset Devon Borders. Georgian Mansion in outstanding parkland setting. Currently arranged as 26 top quality apartments and cottages for holiday or full residential use, with superb range of leisure facilities, restaurant, bars and conference suite. Planning consent exists for an 18-hole golf course, conference centre and additional bedrooms, and there is potential for conversion to Country House Hotel, Conference Training Centre, Timeshare or Retirement Village. Offers invited for the freehold, fully furnished and equipped. Joint Agents: William Hillary & Company, Salisbury: Tel. (0722) 27101. London Office: Tel. 01-494 38888. Strutt & Parker Taunton Office: Tel. (0823) 277261.



EAST SUSSEX. Stonegate Station 5 miles, Cannon Street/Charing Cross 65 minutes). A fine period country house in a convenient rural position with views across the Rother Valley. Reception hall, 3 reception rooms, kitchen/breakfast room, 5/6 bedrooms, 3 bathrooms. Attic room. Gas C/H. Formal gardens. Swimming pool. Tennis court. About 2.3 acres. Region £475,000. Period coach house for modernisation also available. Joint Agents: Rowland Gorringe, Uckfield: Tel. (0825) 2132. Strutt & Parker Lewes Office: Tel. (0273) 475411. Ref.6AC4516.



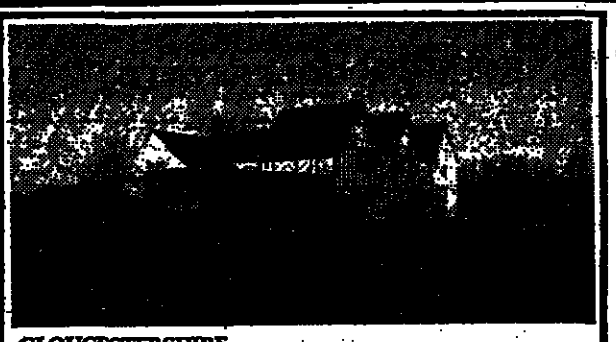
DORSET - Nr. Wimborne. Wimborne 6 miles, Blandford 12 miles, Poole 10 miles. A substantial 18th Century farmhouse in an outstanding rural position. 3 reception rooms, kitchen, breakfast room, 4 bedrooms, 2 bathrooms, 3 attic rooms. Garage block with workshop and 2 loose boxes. Large garden. 2 cottages, each with reception room, kitchen/dining room, 2 bedrooms, bathroom. About 1 acre. For sale as a whole or in lots. Region £375,000 as a whole. Salisbury Office: Tel. (0722) 28741. Ref.7CD955.



WILTSHIRE - Bodenham. Salisbury 3 miles, London/Waterloo 90 minutes, London 84 miles via the M3/A303. An attractive and compact Georgian house situated in the heart of a delightful Avon Valley village. Entrance hall, 3 reception rooms, kitchen/breakfast room, 5 bedrooms, 3 bathrooms. Double garage. Secluded garden. Region £350,000. Salisbury Office: Tel. (0722) 28741. Ref.7AD511.

NORTHAMPTONSHIRE - Gretton. Uppingham 5 miles, Stamford 13 miles, Market Harborough 13 miles. A fine Grade II Listed village house and cottage set in the Upper Welland Valley. Dining room, sitting room, breakfast kitchen, master bedroom with en suite bathroom, 3 further bedrooms. 4 attic rooms. Oil C/H. Gardens and garaging. Grounds about ¾ acre. Region £370,000. Market Harborough Office: Tel. (0858) 33123. Ref.11AB0057.

Lane Fox



GLOUCESTERSHIRE

Ledbury 6 miles, Tewkesbury 10 miles, Cheltenham 15 miles.

THE BIRTHPLACE OF DICK WHITTINGTON - A SUBSTANTIAL GRADE II LISTED MANOR HOUSE
with lovely far reaching views over the Leadon Valley

4 Reception Rooms, 5/6 Bedrooms, 3 Bathrooms, One Bedroom Flat. Heated Indoor Swimming Pool. Attic Accommodation with conversion potential.

Garaging and Outbuildings. 3 Listed Holiday Cottages.

Disused Listed Corn Mill and Dovecote with development potential. 1,400 yards single-bank trout fishing on River Leadon stocked sporting lake. Woodland and Paddocks. About 126 acres Cirencester Office: 0285 653101

HAMPSHIRE - HEADLEY

Liphook 2½ miles, Haslemere 5½ miles, Farnham 10 miles.

A BEAUTIFUL PERIOD HOUSE LISTED GRADE II

In an attractive setting. 3 Reception Rooms, Study, Kitchen, Domestic Offices, Cellar, 5 Bedrooms, 2 Bathrooms. First Floor Kitchenette and Sitting Room. Secondary Bedroom and Bathroom. Oil fired central heating.

Outbuilding. Garage Block with consent for conversion. Oast House with consent for ancillary accommodation. Beautiful mature Garden. Paddock

IN ALL ABOUT 2.4 ACRES

Haslemere Office: 0428 61077 & Winchester Office: 0962 69999

Head Office: 15 Half Moon ST, London W1.

BIDWELLS Chartered Surveyors

On the instructions of Lord & Lady Fairhaven

A rare opportunity to acquire a

MAGNIFICENT GRADE I TUDOR TOWER

Newmarket 5 miles, Cambridge 18 miles
Occupying a superb elevated position, this historic property is suitable for a variety of uses, subject to planning consent. Set in secluded grounds of about 3 acres.

OFFERS INVITED

Bidwells Cambridge (0223) 841842

Cambridge · Norwich · Ipswich · London · Perth

William H.Brown

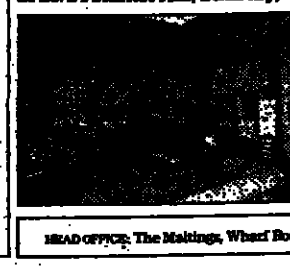
CASTLINGS HALL, SOUTH SUFFOLK

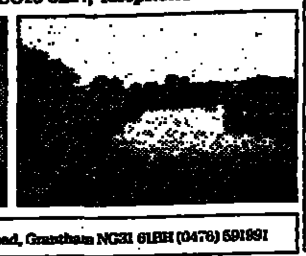
M11/M25 ONE HOUR

BEAUTIFUL AND HISTORIC FARM
Manor House, Modern and Traditional farm Buildings, Lordship of the Manor

420 acres
(further 120 acres available)

Contact Richard Kemsley or Michael Crawford at 23/24 Market Hill, Sudbury, CO10 6EN, Telephone 0787 72247





HEAD OFFICE: The Maltings, Wharf Road, Grantham NG31 6BH (0476) 591991

FRENCH PROPERTIES

SOTHEBY'S INTERNATIONAL REALTY

Château d'Arricau Bordes, Gascony

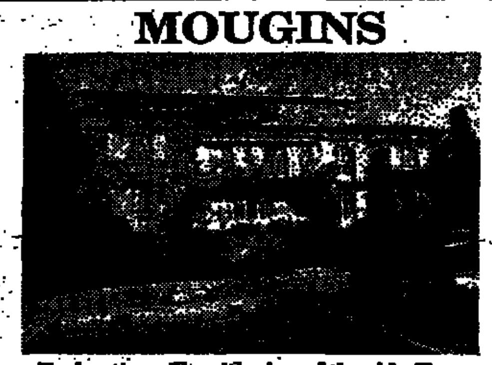
A magnificent 14th century château with its own vineyard

An exceptional historical château near Pau with fine views of the Pyrenees. The main house, formed from two early buildings, includes many important reception rooms and 6 main bedrooms, all with en suite bathrooms.
12 hectares of vineyard produce AOC Madiran wine of excellent quality, the 1983 harvest received the 1985 'Medaille d'Or' at the Concours Général Agricole Paris, and the present production is 130,000 bottles a year. There are also extensive wine cellars and attractive outbuildings suitable for housing staff and entertaining wine customers.
Viewing strictly by appointment. Price: 34,000,000 FF.

Brochure number: 1830009

SOTHEBY'S INTERNATIONAL REALTY
34-35 New Bond Street, London W1A 2AA.
Telephone: (01) 408 5196 Facsimile: (01) 409 3100
Local Sales Agent:
Demeures & Châteaux du Soleil.
Immeuble Carré Bleu, 163 route de Marseille, 26200 Montelimar, France.
Telephone: (75) 01 66 33 Facsimile: (75) 53 05 90

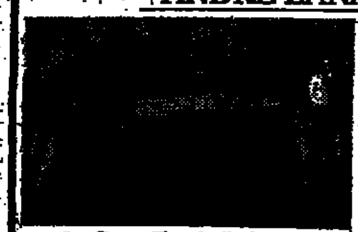
MOUGINS



Enchanting villa with view of the old village.
2 receptions, - 6 bedrooms - 4 bathrooms - Caretaker's house - swimming pool - 7500 sqm of land - REF 1258

JOHN TAYLOR
JOHN TAYLOR - 55 Croisette - 06400 - CANNES
TEL 93 38 00 66 - FAX 93 39 13 65

ANDRÉ LANAUVRE & Co



19TH CENTURY HOUSE AND WATER MILL. Sit on the banks of river Charentonne, 35 kms from Lisieux. In good condition but requires some modernisation. Living rm, kit, 2 baths, 4 beds & several west facing rms overlooking the river. Potential to have more rooms. Water mill in good structural condition wh can be converted to further accom. Set in 22.5 acres of land. Exceptional property.
FPRIC: FFr. 1,120,000 Ref. 27-01-105
This is an example from our most extensive range of French properties, from £20,000 for a cottage requiring renovation to £200,000 and more for a Chateau. We are leading International Estate Agents dealing in residential and commercial properties throughout France.
9 Old Bond Street London W1X 3TA Tel. 01-499 0587 Fax 01-493 5329

Julien International Estates

STONE-BUILT HOUSE

Situated in the region of Basse Normandie in the Coutance area, 500m from a hamlet with all its amenities and extremely close to the West coast and the sea. A pretty stone and slate house that has been completely restored. The property stands on 800m² of garden.

400,000 FFr.

Julien International estates specialises in French property and offers a personal service and a range of properties throughout France. Whether for permanent residence, investment or holidays, we provide a comprehensive service including legal and financial advice.
If you would like further details of our services, please do not hesitate to call, fax or write.

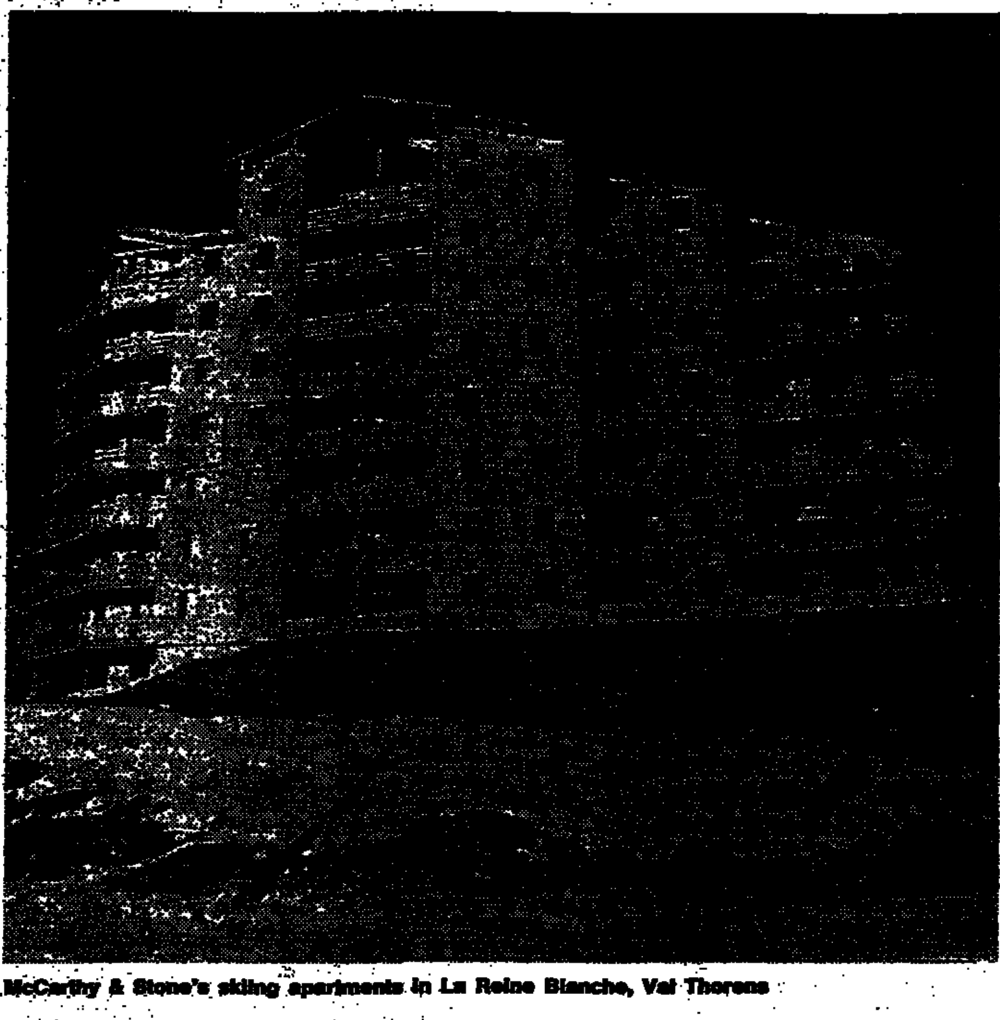
Full Colour Residential Property Advertising

APPEARS EVERY SATURDAY

Rate £44 per Single Column Centimetre

TEL CAROL HANEY 01-873 4657

PROPERTY



McCarthy & Stone's skiing apartments in La Reine Blanche, Val Thorens

In search of a niche across the water

Audrey Powell reviews second homes in France

ONE OF THE most interesting things about the rise and rise of the French homes market in Britain is how it has grown into a whole industry.

Dozens of new estate agencies now offer property across the Channel. Most (wisely) are choosing to specialise rather than to cover the whole of France. There are those who deal in Normandy or Brittany, in Picardy, or the Dordogne. Others have gone for particular types of property — there are cottage specialists, those who handle only chateaux, or homes around golf courses, or those who keep to vineyards. It's a niche world.

One company deals in French waterside properties. A village house by a canal, perhaps? A mill, habitable or otherwise, alongside a river; farms with streams running through them; properties with fishing; a collection of old buildings on a lake island in the Dordogne? Or something by a marina? Prices are as varied as the properties. On a business level there are waterside hotels, trout/salmon farms, or riverside restaurants.

Director David Kay likes to talk to clients in order to narrow the field. What do they want and where, and how will they reach it? And he will gently point out a few of the snags to the over-ambitious. Waterside Properties International is at Wimbledon (tel: 01-879 1495).

But this is only a start. Some agencies will search for specific types of properties. Some will carry out surveys or translate legal papers. Many of the lending services are rushing to help you buy, and after the deal is fixed there are the renovation firms; those who will help choose your colour scheme; move your furniture. . . . Then there are companies to advise on your new tax problems, tell you why you must make a will and warn you of the different legal aspects of buying in France.

The London chartered accountancy firm of Moore Stephens has set up a department in the City to advise clients on their tax position in the UK and France; the implications of French inheritance law and the exchange risks involved when buying property abroad. In certain circumstances, it points out, it is best to purchase through a French company (which the firm could arrange). If you have taxes to pay in France — whether income tax, or VAT on rental income, or capital gains tax on an eventual sale — Moore Stephens can handle this. (Tel: 01-248 4499).

Brittany Ferries has launched a French Property Owners' Club, allowing members savings of up to 30 per cent on standard ferry crossings, guest vouchers and other benefits. The company has well over its first-year target of 3,000 members and may have to start a waiting-list.

Some firms concentrate on ski properties in the French Alps. If it's a bit late to think in terms of buying and skiing off from the front of your own "residence" this season, you can choose somewhere with spring and summer attractions to make it easy for letting.

Merlin, for example, has flats at Les Contamines Montjoie which, although tiny, are close enough to the slopes to allow you to walk across the road to the ski lifts. There are larger and smarter ones at Val Thorens. These and other more expensive ski apartments are offered under the name of the British parent company, McCarthy & Stone.

If you want somewhere with more character there is the pretty and long-established alpine village of La Clusaz, near Annecy, where the company will have new apartments in chalet buildings ready for the next ski season. Its apartments in the three resorts range from £26,000 to £130,000. Details from the sales offices, or its head office at Bournemouth (tel: 0202-292480).

A number of British buyers seem to be seeking small businesses in France, and agencies have been quick to offer these. Avon-based Manches Vacances (tel: 0761-70467), dealing in Normandy, suggests typical possibilities: an antique shop and tea room in a village square (£75,000); a 16-bedroom hotel on a country road not far from Cherbourg (£156,000); or a small modern apartment block near a beach. A buyer could keep one flat for himself and deal with what could be four others (£79,000).

London chartered surveyors Gordons (tel: 01-631-1513) has recently opened a European Business Ventures department to provide a consultancy service for those more heavily involved in business. It says this is in response to requests from the company's network of contacts in French banking, industry and local commerce for introductions to UK industrial companies interested in potential joint business ventures. "This is a subject which the French are taking very seriously in the run-up to 1992, but the British have been slow to take action," says senior partner John Gordon.

"South of Boulogne very little, if anything, in the way of even tentative approaches or enquiries have been made by British businessmen to local authorities or chambers of commerce, despite the recent avalanche of advertising and encouragement from the CBI and the Department of Trade and Industry."

The company offers research information on French regional markets in areas in which UK businessmen could be interested; introductions to contacts in France; negotiations on their behalf with French commercial and political authorities; and location of suitable properties for UK firms.

Joint ventures need not necessarily involve heavy financial input, adds Gordon. Sometimes the French firms are simply seeking the benefit of British ideas and know-how, which they often feel is superior to their own. The British, for their part, could gain from matters such as easier labour relations in joint production. As examples, he has a French "biscotterie" which would like to team up with a British biscuit company, and a French furniture manufacturer who is looking for a British counterpart with the possibility of a joint venture.

But back to the purely residential property field. How do you track down all these people offering services to the "industry?" That leads to another sector — the spate of magazines and property newspapers that have begun appearing, specialising in second homes across the Channel.

It also covers the exhibitions that are starting to be held offering property in France. A group of French developers and agents mounted their own in London recently. But they, too, have something to learn. Few had bothered to have their sales literature translated into English.

Rooms with a view: houses in the Reids Gardens development

Five-star locations

A famous hotel is now host to desirable properties

IN DAYS gone by you would have arrived at the famous Reids Hotel in Madeira by ship. Staff would have met you at the hotel landing jetty and carried you in a hammock up the steep paths through the gardens.

Today you will probably arrive by yellow taxi from the airport and enter through an undistinguished doorway off the main road. It looks like a tradesman's entrance — which indeed is what it was, for the building was planned to be approached via the gardens. But once inside the atmosphere is still dignified and seemingly unchanged from the days when Reids counted royalty and statesmen among its guests, although the hotel is closing for three months from the beginning of June for refurbishment and enlargement.

However, as far as the property market is concerned it is the gardens that matter, and in particular that corner in which 38 apartments and six town houses are being built for sale. The development — called Reids Gardens — will be managed by the hotel.

After a somewhat long gestation period there is now something to see. The houses are almost finished and the apartments are well on the way. About half the properties have been sold or are under offer, but none will be occupied until the whole scheme is completed by the end of the year. Buyers so far have been largely British and middle-aged.

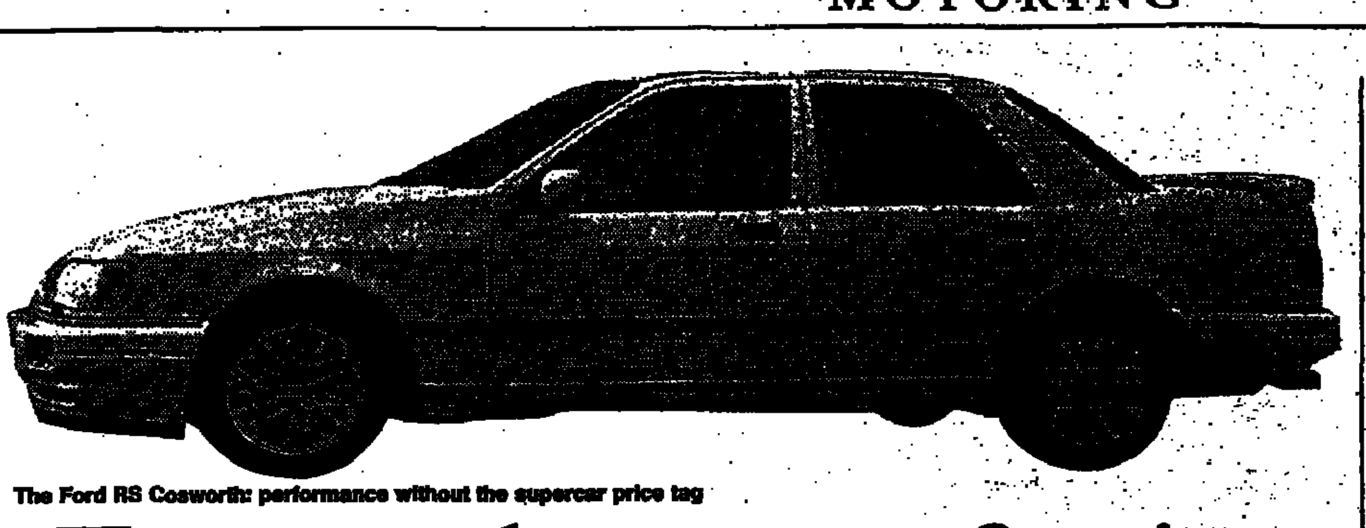
All is geared to the view of Funchal bay, seen from the properties between giant palm trees. Beyond, around the bay, are the houses and hotels of a busy resort, climbing up the surrounding hills to make a riveting "stage backcloth" of twinkling lights at night.

The row of two-storey houses is at the front of the development. They have balconies and strongly-emphasised gables. Exterior paintwork is the dark blueish-green popular in Madeira; it contrasts with the cream walls and terracotta tiled roofs. Inside there is a lot of space and the quality of the materials used is apparent. Whether every buyer will like the white-tiled kitchen with its dark green patterned band is debatable, but the Portuguese architect has kept closely to Madeiran style.

The flats rise in a six-storey crescent behind the houses and swimming pool, providing a choice of sizes and prices. They start at £155,000 for a lower floor, two-bedroom apartment. Penthouses go from £287,000 to £345,000. The remaining house is £260,000. Prices have risen about 20 per cent since the scheme was launched a year ago. There is a £1,200 to £2,000 annual management charge.

The project is by Blandy Brothers and Iberia Developments (joint venture company of London & Edinburgh Trust and Balfour Beatty). The first Blandy came to Madeira in 1811 and Blandy Brothers is now involved in shipping, insurance, publishing and the wine trade, although the flagship of the company is Reids Hotel. Agents are Hamptons International, on site or in London (tel: 01-493-8222). Madeira is Portuguese, covers 105 sq miles and is 600 miles south west of Lisbon.

Audrey Powell



The Ford RS Cosworth: performance without the supercar price tag

Two paths to perfection

***Stuart Marshall** test drives the trendsetters, with some exhilaration*

TWO EAGERLY awaited high-performance sports cars fell into my hands last month; the Ford Sierra RS Cosworth with four-wheel drive and the new Lotus Elan.

In many ways they couldn't be more different.

The Ford is a four-door saloon. It would suit the executive who likes to get a move on as he goes about his company's business. The family man who needs a quick set of wheels for trans-European holiday trips would like it, too.

The Lotus, an ultra-compact two-seater, begs to be driven with the hood down. There is room for some luggage – it will take a bag of golf clubs – but it is an indulgence, pure and simple.

Both cars beat different paths to perfection but they gave me more joyous driving than I have had for a long time – the Ford in the sunny foothills of the Pyrenees, the Lotus under grey skies close to its East Anglian birthplace.

If you attempted to exploit anything like the full potential of either car, you would risk losing your licence. Their claimed top speeds of 150 mph/241 kmh (the Ford), 137 mph/220 kmh (the Lotus) mean nothing unless you find a deserted stretch of West German autobahn.

But both cars put their turbocharged muscle on to the tarmac sure-footedly. On the public highway, their reserves of roadholding and handling seem unlimited. They have powerful anti-lock brakes.

Nothing in this world is foolproof, but I rate them both very safe cars, given modestly skilled and responsible hands on their power-assisted steering wheels.

The Ford Sierra Sapphire RS Cosworth, to give its full name, proves that you don't have to pay supercar prices for supercar performance.

At £24,995 it is £8,824 cheaper than an Audi Quattro, has a better gearshift and gear ratios and rides more shock absorbently on its Japanese Bridgestone RE71 tyres. You could have two Cosworths for the price of a Porsche 911 Carrera 4.

Its 16-valve, twin-cam, turbocharged and intercooled two-litre engine develops 220 horsepower at 6,250 rpm and runs on unleaded petrol. At anything over 5,000 rpm in the gears, though, it sounds and feels a bit rough.

Fortunately, it develops 80 per cent of its maximum torque (pulling power) at only 2,800 rpm so it doesn't have to be kept noisily on the boil for best results.

Time and again I booted the Cosworth hard out on tight corners on mountain roads that were still slippery – even frosty – where the sun had not penetrated. It never lost its grip or its manners.

I know that Audi was first with full-time four-wheel drive for on-road cars. But Ford was first to develop rear-wheel driven, volume produced cars into those with full-time, all wheel drive, just as it was the first to fit ABS brakes as standard on cars in the Granada class.

The combination of ABS brakes – the Cosworth, naturally, has them – with all-wheel drive makes high powered cars safer and more biddable.

You could almost say it de-skills driving them in wintry conditions, providing you remember it is not a magic wand. All-wheel drive and ABS are only devices to make the most of limited tyre grip.

If there isn't any tyre grip to speak of - say on black ice - remember that if twice nothing is nothing, so is four times nothing.

The Lotus Elan has been a long time coming. As far back as the mid-1970s the late Colin Chapman, then the company's head, was urged to make a successor to the original, charismatic Elan. But he preferred to go up-market into four-seaters instead.

Lotus and Toyota reached agreement to co-operate over a new Elan in 1981 but Chapman died soon afterwards. Plans that could have led to the production of a rear-wheel driven, Toyota-engined Elan went into the melting pot.

When the project restarted in 1982 Lotus management had decided a new design of car was needed. Then in January 1986, General Motors acquired 58 per cent of Lotus's shares.

"By that time," says Mike Kimberley, managing director of Group Lotus, "X100 (as the project was known) had been bubbling away for two years and public tastes were changing. If the new Elan was to be successful through the 1990s, it had to be seen as a trend-setter, not a follower."

The ultra-compact Lotus Elan SE: front wheel driven, with a Japanese power train, but as excitingly sporty as ever

In practical terms, this meant a complete restyling and adoption of front-wheel drive, with the engine and transmission coming from GM's Japanese associate company, Isuzu.

Hands were held up in horror by those who had owned the original Elan and by a great many who hadn't but hoped to have one of the new ones. A front-wheel drive Elan?

> *'Their reserves of roadholding and handling seem unlimited'*

Surely a contradiction in terms? How could a car with the drive at the wrong end possibly hope to match the marvellous handling of the original? And so on.

Kimberley and his colleagues reckoned that many, perhaps most, buyers of the new Elan would have cut their motoring teeth on hot hatchbacks such as the VW Golf and Peugeot 205 GTis, all of them front-wheel driven.

So it was logical to make the Elan with front-wheel drive. And Lotus, having done a lot of development work for outside clients, reckoned it knew how to make a front wheel driven sports car that would set new world standards for manoeuvrability and stability.

I never managed to have a go at one of the original Elans but I can't believe it was as good as, let alone better than, the new one. In the past I have had some hard things to say about Lotus cars but this one is a little gem; easily the best of its marque I have driven.

It feels rock solid, despite having neither roof nor roll-over bar – the extremely strong windscreen frame serves as one. The chassis is a massive galvanised structure and a quarter of the weight of the composite panelled body is steel reinforcement.

The turbocharged, intercooled, 1.6 litre, 16 valve engine puts out 165 horsepower at a silky 6,600 rpm. It is mated to a sweet, slick five-speed box, marred for me only slightly by having a lever top far back so my elbow lift the cubby between the seats when slipping into second.

The power assisted steering is light though high geared and pin sharp. The Elan corners as flat as a go-kart, sticks to the road like superglue and has a surprisingly good ride, for which the 50 series Michelin MXX2 tyres deserve a share of the credit.

I wondered if putting 165 bhp through the front wheels would lead to torque-steer. Would the front end of the car dart about as the tyres fought to retain grip during hard acceleration from a standing start? It did not.

With heater on full blast I kept warm in the open Elan. At higher speeds there was enough wind buffetting to make me fear for my aged Lock cap but it stayed on. Putting the hood up takes only moments – but who wants to drive battened down in an Elan?

In the privacy of its Millbrook proving ground, Lotus has had Elans flat out at 137 mph/220 kmh and sprinting from 0-62 mph/100 km in 7.2 seconds.

But I had to drive it on East Anglia's lightly trafficked roads. What can I say of its performance without perjuring myself or putting my head on the block? Only that I experienced again the same exhilaration (but not the trace of apprehension) I used to feel when letting a good horse have its head in the Sussex countryside.

The turbocharged Elan SE costs £19,850. A non-turbo Elan is £2,000 less but Lotus says the SE will take 95 per cent of sales. There is already at least a year's waiting list.

The question many sports car enthusiasts are asking is: how does the Elan compare with the Mazda MX-5? This has rear-wheel drive, is thus closer to the original Elan concept and will cost substantially less when it goes on sale in Britain later this month.

I would like to know, too. I hope to be trying an MX-5 very soon.

In Dean's Bottom, the revolution goes on

***Robin Lane Fox** pores over the new Yellow Book*

WATCH OUT on minor roads: garden visitors are on the move again. "For those who wish, we suggest parking at Deans Bottom. After visiting Deans Bank follow signs along valley, one mile to Placketts Hole – TEAS . . ." You recognise the style: the *Yellow Book* of gardens open to the public in 1990 is on sale at £1.50.

Every Sunday, garden-owners are opening their homes to gardeners, tea-lovers and (sometimes) dog-owners who have stout shoes, strong dog-leads and a fascination with other people's properties. From now on, there is something, somewhere every Sunday until November 4, when the season ends at the Moorings, near Lyme Regis, "in a three-acre peaceful woodland garden developed since 1965."

The numbers of gardens continue to grow, up to 2,600 in England and Wales, way above any other country in Europe. Why are we so different? Is it the climate, the breadth of the middle-class, heroic women or the absence of a social revolution?

All three reasons have been cited to which I would now add competitive instinct: it has become an ambition to open gardens, bringing ever-more owners into the list. Perhaps all these reasons are true (we must add heroic men) but the revolutionary one is wearing thin. Each year, ever-more gardens appear which were "planted since 1964, 1974, 1982 and now even 1987." We have not gone quietly into a backwater. The "white heat" of Wilson's revolution and the Thatcher years of enterprise have not stopped many of the British doing what they like.

These years have made it vastly more expensive (house prices; capital taxes; VAT on plants and tools) but without any official action we have continued to garden wildly and leave the rest of Europe standing. What other cultural activity in Europe during the past 25 years has grown so marvellously in the teeth of political obstacles? In the *1960s*, it would have been so easy to sit back in the walled gardens of Britain's past, leave them to moulder in public hands and open a few (like token chateaux in France or villas in Italy) as a nationally-supported tourist attraction.

British gardeners have certainly not rested on their spotted laurels. It is not just that we have restored old properties and rescued gardens from neglect. Above all, we have dug out new gardens in vilely-unfavourable sites. The *Yellow Book* is proof that garden-making is certainly not a monopoly of a favoured country-house class. There are gardens of all sizes, aspects and vices.

It would, of course, be unthinkable that all this traffic and cash should circulate without setting off the other great British instinct: not merely how to grow it, but how to sell it. In gardens on Sundays, you can buy second-hand gardening books, paintings, cakes and produce: at Yaffles, on the Isle of Wight, you can even buy *The Year From Yaffles*, written by the garden's owner. The profits all go to charity, more than £900,000 last year, there is even an offer of "organic vegetables; on sale, dogs on leads." in case, I suppose, you have forgotten to bring a dog of your own.

This year, the organisers remind us to visit London University Botanic Garden, which has "11 plant houses and 5,000 species of plants": it is on the A30 at Egham Hill, Egham, and expert botanists will guide you round on May 2, June 27 or July 1 (also by appointment: Tel: 0784-433303). Apparently, the land is likely to be sold for development, losing the garden which has stood there since 1950. Some people evidently make a summer of it all: up in North Wales, two owners "personally welcome and escort" each visitor round 1½ acres of garden, including their own show of hand-made lanterns. On June 24, at Abbots Ripton Hall, Lord de Ramsey is opening his large garden which includes an "Osmaric Burkwoodie Hedge." The head gardener is available to answer your questions and to judge from the hedge's name, somebody speaks botanical Latin with a Scots accent.

Twenty years ago, my old yellow books show much less evidence of organic gardening and wild life, let alone "no-dig vegetable plots." Birds are also on the up. In Cumbria, two new openers are bird-bound. At Eden Place, tropical birds fly free in the evenings while Muncaster Castle has an owl centre for visitors on May 16 among 30 acres of rhododendrons. I hope it includes the diminishing barn-owls which are not suited by our modern age of barn conversions.

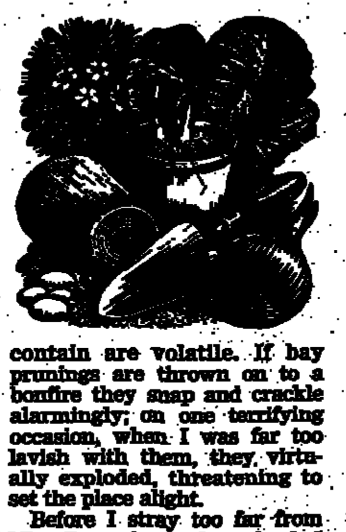
Last year, I began the season in warm sunshine in March with an owner who had turned an ordinary plot into a zig-zag of paths, like a stretch of small intestine between beds of chopped bark. Even so, he had some wonderful plants of the lilac-flowered Primula Marginata.

Many months and miles later, I had travelled from parks to small plots (Lime Tree Cottage, in Weybridge, is new and hotly-tipped this year). Wherever you go, ask yourself the fair-minded gardener's question: "How would I have coped with this site?" Then we can all learn, not least from our fellow visitors, what gardening means outside our own four walls.

The Old Rectory, Burghfield, Berks: a *Yellow Book* treasure

On the scent of olfactory sensations

***Arthur Hellyer** on plant perfume*



I LIKE plants that greet me with unexpected perfume when I touch them in passing. Sometimes I am glad that it is only a passing sensation, for these leaf and stem scents are by no means always ones with which I would wish to live. There is a bush of Mexican orange blossom, or choisya, in my garden which guards the entrance to a lawn so closely that I brush it every time I go there. I hurry on, glad to have received a pungent assault on my nostrils, but not desiring to prolong the sensation unless, occasionally, to try and analyse its quality.

I have never done this to my satisfaction but I am not surprised, since I find scents even more difficult than colours to capture in words. For help on the choisya I turned to W.J. Bean, who is my guru on all matters relating to trees and shrubs. But he dismisses its leaf scent as a strong, pungent and rather unpleasant odour. Clearly, he did not share my enjoyment of it, but I daresay he voices the opinion of the majority.

Then there are the leaves of box, the scent of which is much discussed, though I have yet to find a satisfactory description. Queen Anne disliked it so intensely that she had all the box trees removed from Hampton Court Palace gardens, but the reasons given differ. Some say that box made her sneeze, and some that it reminded her too keenly of her brother, William of Orange.

Frances Perry, in her recently published *Scent in the Garden*, says that she "cannot relate in any way to the scent of wet box leaves, though others find it refreshing and delightful." Even Margaret Brownlow, whose classic book, *Herbs and the Fragrant Garden*, published in 1957 and one of my favourite guides on such matters, can do no better than write of "the indefinable freshness of box hedges." To me it seems musty rather than fresh, which scarcely sounds like a recommendation, and yet, unlike Queen Anne, I like to have box in the garden.

No-one argues about sweet bay, the laurel of the ancients, since presumably everyone is familiar with its powerful scent. Bay leaves are much used nowadays as a culinary herb. Though brushing will release the scent of bay leaves more powerfully, there is no need to go near them on a warm day since the oils they contain are volatile. If bay prunings are thrown on to a bonfire they snap and crackle alarmingly; on one terrifying occasion, when I was far too lavish with them, they virtually exploded, threatening to set the garden alight.

Before I stray too far from Miss Brownlow, whose book I consulted to see precisely what she did say about box, I must give an example of her style and her enthusiasm for leaf scents. "Have you thought," she writes, "of the contribution made by trees and hedges? Pines give out a healing type of scent . . . with the tang of bracken, the freedom of heather-covered hills. Douglas fir has a scent redolent of pineapples. Cypress, and particularly thuya hedges, impart a fruity tang to the air."

Lavender cotton (santolina) is a sharp divider of opinions. I like it, though only in restricted doses. My wife disliked it so strongly that I sometimes felt guilty about allowing it in the garden. I reprieved myself with the plea that you did have to bruise it to get the effect, and that, if you left it alone, you were unaware that it had any scent at all.

The same is true of many of the most pungent herbaceous plants, though some of them can get so lost in the general herbaceous clutter that you are apt to bruise them inadvertently. One of the smallest and most powerful is the Corsican mint, the one called requienii, with tiny leaves and stemless flower clusters. It makes little more than a film over the surface of the soil, preferably soil that is rather damp and in a place that is never scorched by the sun. All you will see, unless you peer closely, is the green ground cover. But if you step on it you get the strongest and most refreshing of mint aromas – "terrifically strong peppermint," exclaims Miss Brownlow.

Most geraniums (and that goes both for the true geraniums and the pelargoniums that have clung to that old name) have some leaf scent, ranging from modest to very strong. Of the fully hardy ones Geranium macrorrhizum is one of the most penetrating and distinctive. It is not to be compared in character with anything else I know and is much recommended by gardeners, though I tend to move on fairly quickly when weeding among its long, sprawling stems.

Because of this habit, it covers a lot of ground rapidly and yet is quite easy to drag out if it strays too far. The common form has light magenta flowers, but there are also deeper and lighter coloured variations, respectively named Bevans Variety and Ingwersens Variety, and one with white petals and pink sepals, which is sold as Album.

I have a weak spot for the annual Geranium robertianum, commonly known as Herb Robert, though most gardeners consider it a pernicious weed to be destroyed on sight. It has finely divided leaves which turn red as they age, and there are nearly always some of its cheerful little pink flowers. I also like its smell though everybody assures me it is disagreeable. That just shows how hard it is to cater for other people's taste. You just have to please yourself.

Window into a bygone age

Ivor Williams on a way of life which remains untouched by the 20th century

AT THE extreme north-west of Europe on the Irish Republic's remote and rugged Atlantic coast, two educated and very English ladies live a quaint Victorian lifestyle, almost oblivious to the modern world.

Miss Clare Traill, the mistress of the house, and her cousin, Miss Priscilla Langridge, have decided to turn their backs on the late 20th century. St Bride's, their house above the tiny fishing village of Burtonport, has no refrigerator, television, radio or washing machine. The only electrical appliance is a sewing machine.

As a window on life of a bygone age, the house, lit with candles and heated with coal fires, must be unique. To complete the traditional image, the cousins always wear Victorian or Edwardian clothes.

Why do they do it?

"The late twentieth century has degenerated into a mish-mash with so little style, depth or flamboyance," mused Miss Langridge. "We dislike the democratic utilitarian aspect and the levelling down of everything."

Miss Traill added: "once you've admitted that rational planning is not possible on a large scale, then respect for traditional philosophy will come to the fore with the establishment of a new leisured class."

And wearing of traditional clothes is a manifestation of this philosophy? "Yes," agreed Miss Traill, "but it's also because they have so much more style than those of today.

Typically Miss Traill, a tall, elegant woman in her 30s with fine features, would wear black, full-length pleated skirts and high-necked white Edwardian blouses trimmed with antique lace. Miss Langridge, shorter and of stronger features, would favour a 1840s pagoda-sleeved Victorian dress bolstered with many petticoats, and a huge antique silk bonnet.

Miss Traill said she was a "romantic Jacobite at heart who believes the Stewarts should have retained the Crown."

"I have never really accepted the ascendancy of Parliament over the Monarchy," she added. Turning to the present, "a united Germany," she said thoughtfully, "should have its own little princes again."

Do they use any modern facilities, such as medicine? "Oh yes, of course," laughed Miss Traill, "our Victorian life is really a question of style rather than eschewing everything modern — we don't mind some of the cleverer things of the 20th century."

Decimal currency is not, apparently, one of them — money transactions within the house are always in pounds, shillings and pence.

Guests are received in the large drawing room, while Miss Rayner, the housekeeper, serves tea in exquisite wafer-thin Japanese egg-shell china tea-cups, circa 1830, through which the blazing fire is clearly visible.

The room, all thick carpets and stained black floorboards, epitomises the whole house. Huge bookcases full of ancient tomes, Victorian tables and sideboards and other interesting oddments such as a lace topped escritoire and peacock feathers languishing from lacquered vases, it has the air of faded elegance normally the preserve of museums.

How did the cousins' philosophy view the role, past and present, of women generally?

Miss Langridge disliked the fact that women are now herded into the labour market, "not because they want to be but because they have to.

"Society will look back from the 21st century at women being herded into work with the same distaste that we now reserve for the idea of child labour."

To generate income, the cousins make traditional clothes, put together in the lace and dress-making room, which houses the sewing machine.

Other income comes from training young ladies, mainly from the UK, to be maidservants and ladies-maids.

Miss Traill also teaches deportment, English and mathematics in the traditional manner wearing a black gown and mortar board in the school classroom on the first floor. This boasts delightful Edwardian desks with real ceramic inkwells, school bell, a blackboard — and a little curled cane hanging rather menacingly on the wall.

For entertainment, they play card games such as whist and poker "in a very genteel way," and Flower Families and Fairytale Families "older versions of Happy Families." Miss Langridge plays the dulcimer occasionally, Miss Traill prefers the 'cello.

Miss Langridge puts together *The English Magazine*, a general interest booklet she produces "for people who dislike the modern world. It's a replacement for the modern mass media."

Superbly produced on an elderly printing machine it contains cocktail recipes, a letter from abroad, a comic strip, serialised novel, a poem and pieces on etiquette and romantic courtship.

Romance? "Well, yes, I've had a romance," said Miss Traill shyly, "but only in a very, well, genteel way, you understand."

Miss Langridge also produces a wireless programme, in similar vein to her magazine, for what she calls The Imperial Home Service, recorded on a hidden modern portable tape recorder and played through a 1920s speaker.

Miss Traill was at ease in front of a camera but Miss Langridge refused to be photographed without wearing a theatrical mask — "I never liked the idea of a photograph capturing my soul," she said.

Local residents find their presence faintly amusing. Jimmy Rogers, a tough, bearded, duffle-coated fisherman straight from the day's trawl, said they "look a bit odd, but don't bother anybody," while downing his first pint of Guinness. "But I've got to admit they're a real curiosity round here, especially when they step out of their car to do the shopping here every Thursday."

A car? "Oh, yes, Arabella," said Miss Traill almost apologetically. "It's a rather temperamental 1949 Austin Devon, just large enough for us to fold all our petticoats up into when we travel."

With no refrigerator, all food is fresh, with traditional colonial, French and Chinese dishes cooked by the staff on a wood-burning range in one of the three kitchens.

A whole day spent in another age makes one feel less like a time-warped visitor from the future and more a part of this other world the cousins have recreated.

Their traditional lifestyle is a genuine and remarkably successful attempt to stave off the 20th century and live an Establishment Victorian life full of style and character, philosophy and wit, literature, music, and art — a culture for which, perhaps, many modern mortals would crave.

Clare Traill, left, and Priscilla Langridge — who wears a theatrical mask to 'prevent the camera capturing my soul' — in their dining room

Curiosity killed the duck

Forget crude plastic models. Clive Fewins finds a decoy with a historic touch

IN THE distant days when ducks were far more admired for their taste than their plumage, catching these elusive creatures was a serious business. Guns were just as likely to injure the man firing them as the object between the primitive sights. And when a duck was eventually brought down it was often impossible to separate the lead shot particles from flesh in the distorted mass that fell heavily to ground.

The ingenious method invented to overcome these problems was called a duck decoy. It was different from the wooden and plastic imitation ducks used widely by the shooting fraternity today — and it served a different purpose.

It was, in fact, a whole artificial pond, surrounded by a series of hoops and nets, into which ducks were lured, trapped, and then killed for the table. Originally invented by the Dutch, decoys of this kind were such a success in the UK that virtually every large estate had one in the later 17th century.

Today these complex examples of early technology are rare. Only three remain in the UK, and the most complete specimen is at Boarstall, a tiny settlement in the heart of the ancient fen called Otmoor, on the borders of Oxfordshire and Buckinghamshire.

The first known mention of the decoy is on a map of the area dated 1697, and it has been in use since. Now owned by the National Trust and operated by the Berks, Bucks and Oxon Naturalists' Trust, the decoy is used for conservation purposes, and the months from October to February are the busiest for decoyman Jim Worgan.

His main task is ringing and recording. It is a hectic business at this time of year because ducks, being sensible as well as ingenious (and also very curious) creatures, choose to spend their winters in "sunny" Britain rather than the winter wastelands of the Baltic. England is in the West European Flyway, and as such is on the great migratory route used by thousands of teal and mallard, and somewhat smaller numbers of widgeon, pintail and shoveller.

When the birds land on the man-made pond that forms the centrepiece of the Boarstall decoy they are encouraged to enter one of the three "pipes" of netting. Each is 50 to 70 metres long and curves away from the pool so that the end is hidden from the entrance. The netting is stretched over a series of hoops that become successively smaller, with the entrance being some seven metres wide and four metres high. The whole structure is covered with netting and at the far end where it narrows is a small detachable net in which the birds are eventually caught.

Alan Harper

Jim Worgan, with dogs and that deadly decoy . . .

The art of the decoyman is to lure the ducks into the net pipes. He does this by using a dog, carefully trained to exploit the ducks' curiosity about other animals, particularly fox-like ones!

Outside the curving net pipe is a series of overlapping screens made of reed or thatch. The decoyman conceals himself behind these, watching the progress of the ducks through peepholes. At the right moment he releases his dog, who lures them up the net pipe by moving up from screen to screen, so engaging their continuous curiosity.

The ducks swim past the decoyman and up the net pipe. He then darts from behind the screens to the entrance of the pipe and their retreat is cut off. Before they know what has happened they are at the far end of the pipe in the detachable catch net.

Jim Worgan, a quiet Welshman, has been doing the job for 23 years. It sounds a long time but one of his predecessors, Daniel White, did it from 1865 until the mid-1920s. To Worgan, who has always had a deep interest in wildfowl, the real fascination is not just the skill of the lure, but also the follow-up: if ringed birds return to the decoy it is always interesting to see where they have flown in from.

The best thing, according to Worgan, is receiving through the post rings from the legs of birds that he has tagged. He has had tags returned from birds that have been found — or more usually shot for the pot — as far away as mid Russia and the far side of Turkey.

More recently, in addition to the many tags posted back from Scandinavian countries and other parts of north-east Europe, he received one from a well-known restaurant in Soho, London. The message in the envelope said: "Thank you for the pheasant. It was delicious!"

Worgan records meticulously the details on the returned metal tags, as well as on the rings he attaches to birds himself. All the information is sent to the British Trust for Ornithology at Tring, Hertfordshire, as part of the continuous national wildfowl count.

According to Worgan it is the tranquility of the Boarstall site that attracts the birds to winter there in such numbers. Recently that tranquility has been under threat by the construction of a stretch of the M40 extension half a mile away. But this winter the birds are returning as usual and he is confident that the noise from the motorway will not affect their flight patterns. "Ducks don't mind noise. After all, there are large colonies on the lakes near Heathrow Airport," he points out.

However, there is one question that neither he nor his learned counterparts at Tring can really answer, and that is why the ducks bother to cross the seas at all. If I were a duck I'm sure I'd be perfectly happy and well fed sitting on the lake at lush Boarstall — even if I did get caught by the tender hands of the decoyman once in a while.

A remedy for long-distance loneliness

Claire Armitstead experiences a taste of hotel hospitality in off-season Plymouth

IT TAKES a temptestuous night in off-season Plymouth to make one appreciate a hotel hospitality service.

Having battled the gale the length of the Hoe and back, and come to terms with the absence of anything watchable on television (the puritan in me forbids dalliance with the film channels offered by most hotels for an extra charge), the most palatable option seemed a quiet meal back at in the restaurant of my hotel, the Mayflower Posthouse, owned by Trusthouse Forte.

It was not to be. No sooner had I settled myself and a drink into the depths of an ante-room sofa than a smartly-dressed young man wafted up. Was I alone, and if so, would I care to join him for dinner at the host's table? No impertinence intended.

He was part of what, in a Posthouse hotel, was regarded as "hospitality." Others would probably join us later, he added, glancing apprehensively round the deserted acres of starched tablecloth and gleaming cutlery.

Others turned out to be an amenable young pub valuer called Geoff, who had been tracked down to his room with a bonhomie bordering on desperation. A couple of sailors, beached by high winds, declined to pitch in, with much rib-digging and jovial repartee. So there we were: three strangers in a foreign city, one of whom made it playfully known that he would have preferred to spend his evening exploring Plymouth's notorious Union Street. He had heard a place called Diamond Lil's was fun.

Ordering a steak, "well done and forget the poivre and champignons," he professed himself a conservative eater. "I could show you a place where they do 16oz steaks for £5.60," announced our host ebulliently, a look of momentary dismay crossing his face as he realised the conflict of interests involved.

"Another beer?" Another beer all round and the conversation was skilfully steered to smoother waters — the urgent need (or otherwise?) for a Channel tunnel.

Geoff's face clouded. When he was not in Plymouth valuing pubs, he lived in coastland Kent. He speared a champignon and consigned it contemptuously to his sideplate.

Our host, an ex-navy man with a daytime job in selling, was working hard for his supper and a little extra besides.

"You have to like people and, of course, know which knife and fork to use," he explained. Presentability, communication skills and a sense of humour were specified on the job advertisement. Male applicants only were sought, he said, "for obvious reasons".

Trusthouse Forte insist they are not discriminatory, although individual hotels would make their own judgements and appointments according to local knowledge. The hosting scheme, introduced less than a year ago and now operating in all the group's 38 Posthouse hotels, is the latest refinement of efforts to make living from a suitcase as tolerable as possible for the hefty tranche of the hotel clientele who are business people travelling on their own.

"We are very careful to avoid the word 'singles'," said a head office spokesman. "The idea was that the hosts should be business people who would become a social, rather than a business, contact."

The benefits of this to Trusthouse Forte are clearly not confined to the ledger, although the more convivial the evening, the larger the consumption is likely to be.

The pub valuer, on his own for a fortnight, conceded that it made a welcome change to have some company. He was not a big drinker, enabling our host to stay well within his allowance of two free beers.

The relationship with restaurant staff could be frosty, he admitted as, pudding plates safely cleared away, the coffee came round. "Ah, coffee," he said, enthusiasm unabated. "You can drink as much of that as you want at no extra cost."

It was 10.30pm, and the distant clink of breakfast china could be heard. The pub valuer giggled as he caught the baleful glance of the politely retreating waitress.

Trusthouse believe their hosting scheme is unique, but the loneliness of the long distance traveller is an issue of concern for most hotel managers.

Crest have, from as far back as 1984, concentrated their concern on the female executive, equipping special Lady Crest rooms with such extras as ironing boards, flowers, weighing scales and a spyhole in the door for added security, and training their bar and restaurant staff to be sensitive to the woman guest for whom hotel life can be full of leering and innuendo.

Hilton International, on the other hand, abandoned attempts to coddle the woman executive when research showed it wasn't welcome. Like most hotel major groups, they have concentrated on building up health and fitness centres which they believe are becoming an essential in the life of the modern business traveller. They are currently working on a scheme for computerised fitness assessment, which will enable guests to take a fitness programme with them from hotel to hotel.

Staff at their sister company, Hilton USA, were dubious about the intrusion involved in hosting, and unconvinced by the Posthouse hosts' insistence that some of their most enthusiastic takers had been Americans.

Fishing

Hooked on books

THE FILTHINESS of the weather in recent weeks has pretty well banished thoughts of venturing forth to fish — although I have been tempted to try my luck in the lane below my house, which has been converted by the unceasing downpours into quite a respectable stream.

In general, though, it has been a time to gratify the piscatory passion in a sedentary, fireside position; to read about the business instead of doing it. One of the many advantages that fishing has over all other forms of innocent amusement is in the writing it has inspired.

One reason is in the motivation of the writer. Most sporting books — cricket books, for example — are journalism, written by journalists as one of their professional duties. But I know of no full-time fishing journalists. Those who write fishing books do so out of love for the sport. This makes for very good books — and, of course very bad ones.

Another factor is the nature of fishing itself. It goes much deeper than a mere game. It demands skill, knowledge, love, passion, determination, understanding, wisdom. At the risk of being considered a twerp, I would say it had a spirituality about it, which informs the best of its writing.

The great problem with fishing books is getting hold of them. While the barrel of competent cricket writing has been emptied, scraped, and then completely dismantled, many of the best angling books have been out of print for years, and will remain so. They have to be hunted down.

The first old fishing book I read was *An Open Creel*, by H.T. Sheringham. I paid two and sixpence for it at William Smith's bookshop in Reading, Berkshire (recently shut by Blackwells), and it infected me with the collecting bug. I cannot believe that there has been a finer writer on fishing than Sheringham. In addition to *An Open Creel*, he wrote two other classics, *An Angler's Hours* and *Trout Fishing: Memories and Morals*.

Sheringham was an all-round fisherman who loved the coarse roach as much as the lordly Kennet trout. J.W. Hills preferred to concentrate on fly fishing, and wrote one masterpiece, *A Summer On The Test*. Its only rival as an evocation of the joys of chalk-stream fishing is Harry Plunket Greene's *Where The Bright Waters Meet*.

I have a particular weakness for books on Irish fishing. The best part of Sir Edward Grey's over-rated *Fly Fishing* deals with his experiences on the Suir in the 1880s. Among those who captured the peculiar charm of Ireland were Frank Barker, in *An Angler's Paradise*, and G.D. Luard, in *Fishing Fortunes and Misfortunes* and *Fishing: Fact or Fantasy*.

The book which has thrilled me most of late has been *Fisherman's Winter*, an account by Roderick Haig Brown of a trip to Chile and Argentina. Haig Brown — an Englishman who settled in British Columbia — produced a succession of fine books, including *A River Never Sleeps*, and *Fisherman's Spring*. Of American writers, my favourite is the great Zane Grey, whose accounts of big game fishing (among them *Tales of Swordfish and Tuna*, and *Tales of An Angler's El Dorado*) are terrifically exciting — and expensive.

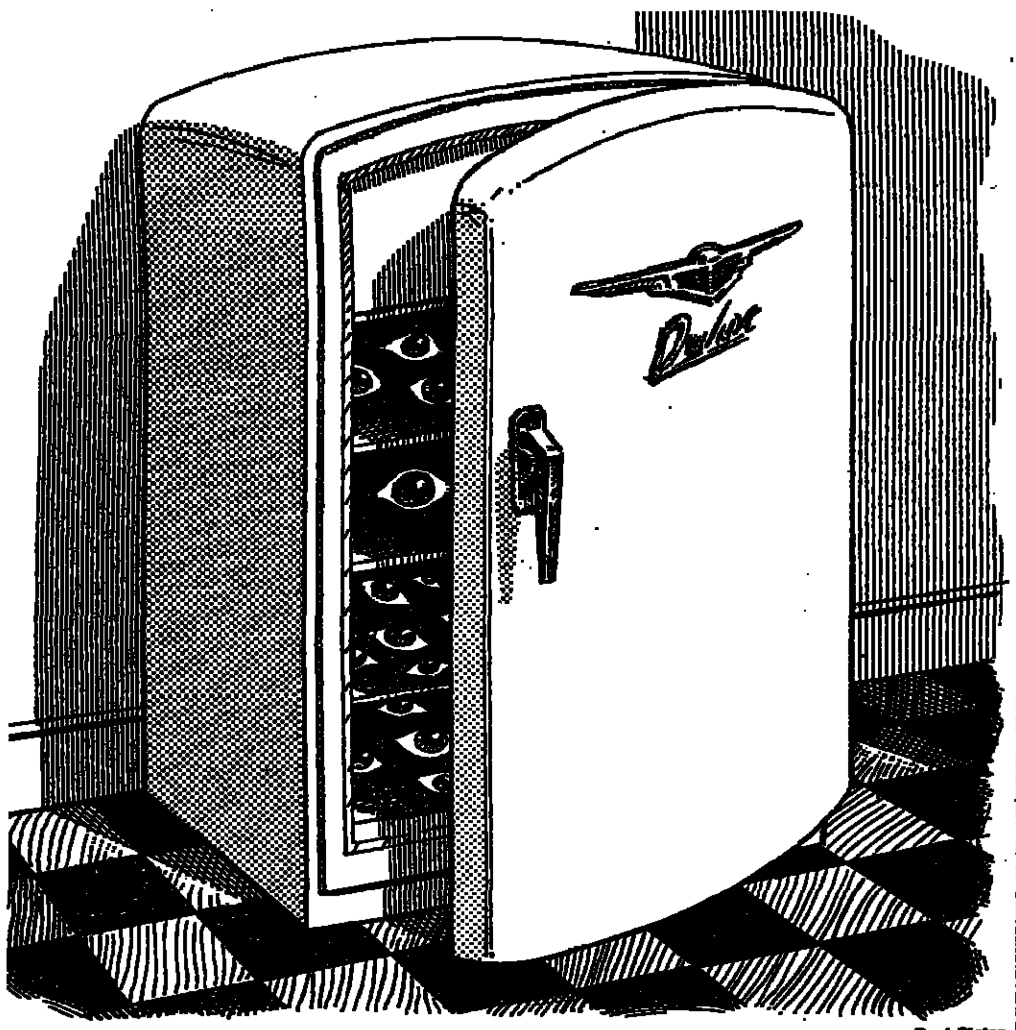
I have, too, a great fondness for miscellanies, jumbles of reminiscence, reflection and prejudice. Arthur Ransome's *Rod and Line* is an incomparable example of this genre (his *Mainly About Fishing* is also well worth getting hold of). Other cherished examples are Stephen Johnson's *Fishing From Afar*, Maurice Headlam's *A Holiday Fisherman*, Herbert Palmer's *A Roving Angler*, and John Hillaby's *Within The Streams*.

Necessarily, I have been able to mention only a handful of titles. To get a proper taste of angling's literature, I would suggest obtaining an anthology. By far the best — even though it was published 45 years ago — is *The Fisherman's Bedside Book*, compiled by "BB." But make sure you get one of the early editions, rather than a wretched abridgment recently brought out in paperback.

Then, if the taste is found to be pleasant, start accumulating. The easy way — and the expensive one — is buy from specialist dealers. The ones I use most are John and Judith Head, 88 Crane Street, Salisbury, Wilts (0722-27767); E. Chalmers Hallam, 9 Post Office Lane, St Ives, Ringwood, Hants (0425-470060); J.C. Furniss, The Old Police House, Strathpeffer, Ross-shire, Scotland (0997-21553).

But, to get the best fun out of it, you must yourself be a hunter. Wherever you are, take half an hour to root around in the local second-hand bookshop. Loiter at book auctions, linger at book fairs, lurk at jumble sales. There is nothing to beat the pleasure of unearthing a long sought treasure in an unlikely quarter — not even reading the book itself.

Tom Fort



Paul Slater

The poisons that can lurk in your kitchen

***Nicholas Lander** samples a course where you learn how to stop tasty food turning toxic*

THE MEAT chef might fail, for once, to cook properly the chickens which harbour salmonella, responsible for 80 to 90 per cent of reported cases of food poisoning. The vegetables, or even the garnish, may not be washed carefully, allowing clostridium – responsible for a further 5 to 15 per cent of cases – to proliferate.

A kitchen porter, having come to work rather than report sick, sneezes as he carries-in the deliveries and staphylococcus aureus, responsible for 1 to 4 per cent of all cases, spreads through the kitchen. None of these is improbable, but is the chance of contracting food poisoning higher in a restaurant or at home?

When, for instance, did you last pull out your stove and refrigerator and clean behind them? Do you still use wooden-handled utensils or chop on wooden boards that cannot be cleaned properly and can increase the chance of cross-contamination from raw to cooked food?

In commercial kitchens today, knives and plastic chopping boards are colour-coded for different uses; but are your casseroles and soups still stirred with the same wooden spoon? And in your fridge (which should be a maximum 5 °C, the freezer -18°C), in which order would you stack (a) a salad, (b) fresh fish or meat, (c) dairy products and (d) some left-over cooked food? [The answer is from the bottom – b, a, d and c – so that the raw food does not drip on to the rest].

In fact, restaurants, with the advantage of full-time kitchen porters and industrial cleaning equipment, as well as the possibility of a visit from an environmental health officer (EHO), often can offer better protection than eating at home. However, both commercial and domestic kitchens face the same bacteria, the same elements of the food poisoning chain – made worse by moisture, excessive temperatures, the presence of high-risk foods such as poultry and dairy products, and time in which the bacteria can multiply.

The practical solutions to breaking this chain are straightforward. What is more difficult is to learn the basics of hygiene, to find the time to follow them at home, and to ensure that all the staff follow them in a busy restaurant.

The Food Safety Bill, to become law later this year, is calling for a greater knowledge of hygiene among all food-handlers. Tougher powers, too, will be given to EHOs when they do see the law being broken – although there is a national shortage of 400, half in the London area alone.

To meet this need for greater care, the Food Hygiene Centre offers (as a one-day course) the basic hygiene course of the Institute of Environmental Health Officers. For the same price as a good dinner for two – £60, plus VAT – I spent a day with sandwich-makers from two public houses, a pub manager, an Australian who was just plain interested and a man from Fishmonger's Hall, Billingsgate, being lectured by a former EHO.

The sandwich-makers were keen learners and the man from Billingsgate more keen to talk of improvements already made in their handling of fish, but they were all there willingly.

The course covered the causes and prevention of food poisoning, the proper design of a kitchen and the very basics of the law as it relates to selling food to the public, ending with a 30-question multiple choice exam.

The 10 main reasons for food poisoning were spelt-out clearly: food prepared too far in advance and not stored properly; cooling food too slowly; not re-heating food so as to destroy food poisoning bacteria; using cooked food contaminated with food poisoning bacteria; under-cooking; not thawing frozen poultry enough; cross-contamination from raw to cooked food; storing hot food below 63°C; eating food from infected handlers; and indiscriminate use of left-overs.

Considerable time was spent and advice given on how to avoid these major pitfalls and, in particular, to ensure that food is not kept in what was described as the danger zone – between 10°F and 63°F – where bacteria proliferate.

Like all those on the course, I learnt a great deal which I can put into practice at home. But I did come away wishing that I had gone on this course a decade earlier, before I opened my restaurant, so that I could have taught my staff more and been more aware of just what can go wrong.

Today, we all have the benefits of modern technology in the kitchen. And if our grandparents avoided food poisoning through care and attention, there is no reason we should suffer from it – and at least 2m did in the UK in 1989 – through ignorance.

☐ *Food Hygiene Centre, 4 Queensway, London W2 3RX (01-792-0971, fax 01-792-3408). The Royal Society of Health runs corporate courses: 38a St Georges Drive, London SW1 (01-630-0121). Essential reading: "Safe Shopping, Safe Cooking, Safe Eating," by Dr Richard Lacey. Penguin £2.99.*

Farewell, then, to rotgut

***Jancis Robinson** signals an end to the cheap and cheerless era*

AT Christmas, supermarket giant Sainsbury's was prepared to sell own-label champagne – its 10th-best selling wine and Britain's fourth-best selling champagne label – for just £8.75. When asked last week what it cost, the senior manager of the wine department had to check with a colleague on that day's spot price. "We're up to £9.45," reported Simon Blower, but he didn't sound confident this would hold for long.

He (and the rest of the country's retailers) are hunched over their screens and calculators working out just how much they need to increase prices of a whole range of other wines, including champagne, this spring. An era is about to end although, like most eras, it will be perceived as such only in retrospect. Only in the mid-'90s will we realise how cheap our cheap wine really was in the '80s.

I might make few friends by pointing this out, but we've *had it too good for too long*. In real terms, the price of everyday wine – selling at less than £4 a bottle – has remained remarkably stable over the past decade. Although Britons have been drinking their way up-market determinedly (dabbling in fine wines, the prices of which have continued to rise in a quite shockingly unfettered fashion), the amount spent per litre on average in *1988 was actually less than in* 1980. Meanwhile, the inherent quality of cheap wine has increased magnificently.

Unfortunately, the French finally noticed this and have decided to see-in the new decade with a display of spectacular price increases for the 1989 vintage, exacerbated by the strength of the French franc against the pound (and dollar). We are going to have to *take a deep breath and pay the* proper price for our wine.

Vignerons in Muscadet and Beaujolais have been most brazen in their demands for more francs per bottle. Knowing, perhaps, that these are the two species of the genus Better French Wine most familiar to Britons, they have been asking for increases of up to 30 per cent in prices ex-cellar. Adieu, Muscadet and Beaujolais, at *under £3 a bottle*.

Insouciance in Beaujolais stems from the fact that half of each crop is sold so conveniently early as Nouveau, anyway; stocks are now at an unprecedently low level. Nigel Munton of Yorkshire Fine Wines, a large, independent merchant, says: "For the past few years, if you don't make reserves you get no wine at all out of Beaujolais between November and when the next vintage is released in the spring."

Oddbins, the influential off-licence chain, has dropped straight Beaujolais altogether, preferring to concentrate on the conventionally more expensive but (it considers) better-value *appellation* Beaujolais-Villages at £3.99. Even Joseph Berkmann, British agent for the "king of Beaujolais," Georges Duboeuf, feels that "Beaujolais is out-pricing itself completely."

That might be; but Majestic Wine Warehouses was told, when it offered FFr17 a bottle

> *Only in the mid-'90s will we realise how cheap wine really was in the '80s*

for last year's Beaujolais Nouveau, that the Japanese were happy to pay 23, and on the nail. John Ratcliffe of Oddbins also admits that Japan's growing interest in wine is, not for *the first time, having an effect* on French prices. "The Japanese are ideal customers for the French; they make a decision and payment very quickly," he points out.

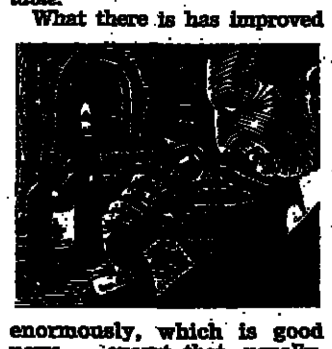
It was from the Beaujolais producers, trying to justify their own price rises in November, that he got wind of the bold price increases planned for Muscadet, too. These have so riled Dominique Vrignau, *Majestic's French-born purchasing* manager, that he threatened to de-list Muscadet completely last month even though, last year, it was overall third-best seller for this large group of warehouses.

What lies behind these increases? The French can hardly argue that the 1989 vintage left them short; official estimates put the total size at 61 million hectolitres of wine, *compared with 57.5 hl in 1988*. One supermarket buyer muttered darkly to me that he suspected the French of controlling prices through supply by manipulating Brussels into increasing the amount it decrees should be distilled compulsorily.

Official statistics suggest otherwise. In 1988, the European Community ruled that 2.47 million hl should be sent to the EC still, but only 0.6 million hl of 1989 wine are being consigned to this pan-European, price-regulating fate.

The trouble, however – or the blessing, as you might see it in the long term – is that less and less cheap wine is being made. As the philosophy of quality spreads throughout the wine regions, they are promoted rapidly to *vin de pays* and often, eventually, earn the ultimate accolade of *appellation contrôlée* status, leaving the pot particularly short of the most basic wine, *vin de table*.

What there is has improved



enormously, which is good news – except that, usually, this has happened only at the price of pulling up unsuitable vines, lower productivity per acre, and equipping the co-operatives (*largely in the south of* France) with new-generation technology. (Midi masons, who once would have made a good living building the cement vats that are being dynamited and replaced by stainless steel, are now building swimming pools).

The same is true rather higher up the ladder of quality. As Nigel Munton only half-complained the other day: "No-one is making plain Muscadet *any more. They're all* into oak ageing, special *vieilles vignes* [old vines] and *sur lie* [matured on the lees] bottlings."

The French market is, of course, immune to large-scale manipulation. Price increases do not result from decisions taken in a handful of boardrooms but in tens of thousands of conversations, boasts and self-justifications in *Cafés des Sports* and *Salles des Fêtes* around the country.

Although France's *vignerons* must be cheered that prices for non-French wines have risen too (especially those from California which they feared so much at one stage), they need principally to believe in what they have to sell. Muscadet producers have, for instance, undoubtedly been emboldened by their conviction that 1989 is one of their finest vintages, which it certainly is, judging from all accounts up-river in Anjou and the Touraine.

How, then, are British retailers going to respond to the challenge of second-division prices asked for wines that once languished contentedly in the third division? Oddbins is talking already about the dry, fruity Côtes de Gascogne whites becoming the new Muscadet while, just back from Australia, Ratcliffe is muttering smugly about another series of bargains from the Antipodes where prices have settled down again, helped by the feeble Australian dollar.

Italy would seem a possible alternative, and there is no shortage of exciting medium to top quality Italian reds; but price rises there – for Frascati, particularly – have done nothing to ease *what is* described openly as the "white wine crisis."

Most professional buyers feel that enormous quantities of wine suitable for the British market must lurk somewhere in Spain (after all, it has 1m acres of the white Airen grape that can be turned into a very acceptable riposte to Côtes de Gascogne). But Spain's small 1988 harvest put paid to any *hopes of bargains; anyway, as* Majestic buyer Chris Loveday points out: "Our customers buy Spanish wines when they're on promotion but, when the promotion's over, they drift back to France."

The people who buy wine for a living all agree there is huge potential in the south of France where names such as Minervois, *Corbières* and Vins de Pays d'Oc cannot (yet) com*mand the prices that Muscadet* and Beaujolais producers think appropriate to their station. Oddbins, where the opinionated managers divert customers towards less obvious sources of value, is particularly proud of two new Midi Chardonnays from Skalli of *Sète that* will retail at £3.49 and £3.99.

Finally, the people who buy wine for a living also agree *that 1990 will be a very difficult* year, although it need not be for those of us who buy wine for pleasure.

Rotgut prices may be a thing of the past – but then, alleluia, so is the rotgut.

Appetisers

■ THE RESPONSE to the dinner offered on these pages three weeks ago by myself and Nicholas Lander in aid of research into Crohn's Disease has been most generous – so good that *two* dinners are being organised for the dozen highest bidders. Morale in the under-funded research unit is reported to have reached a new high.

Meanwhile, the unit – which is trying to maximise the effect of a research breakthrough into this inflammatory bowel disease affecting 25,000 sufferers in the UK – has changed the name of its account to Royal Free Hospital School of Medicine, Acc. No. ZP 31. Any donations or enquiries to Andrew Wakefield, Royal Free Hospital, Pond Street, London NW3.

■ A short-cut for those chasing the New Zealand wines recommended two weeks ago via their importers is provided by Hunters, Britain's only NZ food and wine specialist shop. Hunters is at 93 Crown Road, St Margarets, Twickenham, Middx (01-891-0670).

One of its most exciting wines is Stonyridge's answer to claret from the Larose vineyard on Waiheke Island, a sort of St Ives-cum-vines off Auckland. The 1987 Larose costs £18.95 a bottle from Hunters and will soon be available from Les Amis du Vin, too. It is almost worth it, too.

■ In a similarly ambitious price category, Portugal's most famous red wine is now available in the UK. Barca Velha is made, every few years, by the port firm of Ferreira and the 1981 has just arrived in England at Wine Rack stores, Whitbread's up-market wine shops dotted around the south. It is delightful – full-bodied, oaky, lingering, and warm as port without the sugar and alcohol – for £16.95.

Hinting at what we hope for and never get from a Rioja, as well as alluding to "old-fashioned burgundy" along the way, it tastes remarkably like the Lebanon's wine miracle, Chateau Musar, the 1981 of which is still available widely; it costs just £5.45 from Sainsbury's, for example. Barca-Velha might be on the steep side, thanks to its rarity, but Musar is *seriously* under-priced and is on the way to becoming a rarity itself. New stocks will not be arriving for some months – surprise surprise. Buy Musar now.

Cookery

Succulent pigeons

ONE OF THE agreeable features of the dishes of sautéed pigeon breasts, about which I wrote last week, is that they are so quick to cook. Because they involve frying and ought to be cooked just before eating, they are, however, best saved for kitchen suppers. A dish for which most of work can be done well ahead, like the pie given here, strikes me as a better choice for less informal occasions.

I have topped the pie with phyllo pastry because I like the taste and the look of it so much – and because I find it much easier to handle than puff or flaky pastry, which sometimes emerge from the oven looking tipsily lopsided atop my pies. Flaky or puff pastry can, of course, be used in place of phyllo if you prefer, or the filling can be packed into a suet crust-lined basin for boiling or steaming. In this case, I would bring the pie to table wrapped and tied in a crisp, white, damask napkin.

If making a pudding, I cook the carcasses ahead with the wine, stock and flavourings to make a very rich gravy, but I do not pre-cook the pigeon breast meat and I omit the bacon rolls. Instead I wrap the raw boned pigeon breasts loosely in rashers of bacon and pack them straight into the suet crust pastry for steaming. This keeps the meat more succulent.

PIGEON PIE WITH PHYLLO PASTRY
(serves eight)

Ingredients: 6 pigeons; 6 oz streaky bacon; ½ lb small flat mushrooms; ½ lb onions; 1 dozen quail eggs; garlic, thyme and a curl of orange peel; 8 fl oz red wine; 12 fl oz pigeon stock; butter and phyllo pastry.

For the forcemeat balls: ¼ lb each fresh white bread crumbs and streaky bacon; the finely grated zest of 1 lemon and 1 tablespoon lemon juice; the white of an egg; thyme and parsley.

Method: Split each bird in half, dust with flour and brown in a little butter. Arrange them, fleshy side down, in a shallow casserole, scattering some thyme, orange peel, the chopped onion and a little garlic between them. "Wash out" the pan with the wine and stock and pour the boiling liquid into the casserole. Cover tightly and cook in the oven at 325F/160C (gas mark 3), or over a very low flame, for 1¼ hours or more until the meat is tender.

While the pigeons are cooking, hard-boil the eggs and shell them; sauté the mushrooms to concentrate their flavour; halve the bacon rashers, stretch them with the back of a knife and roll them up neatly. Also make the forcemeat balls: mince the bacon, mix it with the crumbs, lemon juice and zest, plenty of pepper, about half a teaspoon of chopped fresh thyme and some parsley. Bind with egg white, shape into about two dozen small balls and fry them briskly in butter to brown all over.

Lift the cooked pigeons from the casserole and, when cool enough to handle, cut the breast meat away from the bones. (This is an optional refinement. It involves extra work for the cook but filleted meat permits the use of a smaller, less cumbersome pie dish.) Put the pigeons into a shallow pie, gratin or baking dish and tuck the eggs, mushrooms and bacon rolls between the meats. Do NOT add the forcemeat balls at this stage or they will go soggy.

Season the gravy to taste, reduce it a little or thicken lightly with cornflour if liked, and pour it into the pie dish. (Everything up to this stage can be done a day ahead.)

To finish, add the forcemeat balls here and there, then cover the pie filling with eight layers of phyllo pastry, brushing each one with melted butter and tucking in the ends before adding the next. Brush the top with extra butter, score lightly in a diamond pattern and add a shake of cold water to prevent curling during cooking. Bake at 375F/190C (gas mark 5) for about 40 minutes until the filling is piping hot and the pastry is golden and crisp.

Philippa Davenport

CHESS

SINCE *glasnost* and *perestroika*, young Russian masters have had far greater opportunities to travel to the hard currency open tournaments of the US and western Europe. They have jumped at the chance in remarkable numbers: the USSR federation had to charter an Aeroflot plane to fly 60 of its players to the recent grandmaster open in Palma de Mallorca.

Boris Gelfand, 21, who won at Palma ahead of more than 150 GMs from all over the world, is becoming known as one of the select few with the credibility for a possible challenge to Kasparov and Karpov early in the 1990s. Tall and awkward, with thick-lensed glasses and the air of a pre-occupied nuclear phycisist, he has accelerated up the international rankings.

Gelfand was outside the top 50 in 1988 but jumped to 24 in July 1989 and then to 15 in January this year. Following Palma, he is probably in the top 10 and is at present among the leaders at Linares, Spain, where Kasparov himself is competing.

Communist governments all over eastern Europe have been generous to chess, the favourite game of Marx and Lenin, but it is questionable if this support will continue. Gelfand and his contemporaries know the reform programme places extra pressure on them to become top grandmasters quickly. It is significant that, in the past couple of years, the young Russians have made faster progress than established western GMs like Nigel Short and Yasser Seirawan; hungry fighters are the most dangerous.

Players en route to the top often seize on a particular opening or variation and adopt it as their special system, an early statement of individual style. Bobby Fischer became known for his Bc4 attacks against the Sicilian Defence, Mikhail Tal for his Modern Benoni, and David Bronstein for his King's Indian.

Nowadays, it is harder. Chess theory is analysed so deeply that you have to search for a sub-variation to call your own, let alone an entire system. So, the young are eclectic, choosing individual treatments across a spectrum of openings and defences.

One of Gelfand's favourites with the black pieces is a gambit line of the King's Indian Defence which has been known for years but has attracted serious attention only now. If it is confirmed as sound, a feared white attacking line will be neutralised.

White: M. Dlugy (US).
Black: B. Gelfand (USSR).
King's Indian Defence (Palma 1989).

1 d4 Nf6 2 c4 g6 3 Nc3 Bg7 4 e4 d6 5 f3 O-O 6 Be3 c5!? 7 dxc5.

White can, of course, decline the offer by 7 d5, as Timman did in his candidates' match with Speelman, but then has fewer attacking options. Another interesting idea is 7 Nge2 cxd4 8 Nxd4 Nc6 9 Qd2 Nxd4 10 Bxd4 Be6 (Zaltsman-Gelfand, New York 1989), transposing to a regular line of the Sicilian Defence reached via 1 e4 c5 2 Nf3 Nc6 3 d4 cxd4 4 Nxd4 g6 5 Nc3 but with White having played f3 instead of the more flexible Be2 (intending a later f4). Zaltsman blundered quickly by 11 Rc1 Qa5 12 Nd5? Qxd2+ 13 Kxd2 Nxe4+! when Black won the endgame.

7 ... dxc5 8 Bxc5 Nc6 9 Be3.

The critical line is 9 Qxd8 Rxd8 10 Nd5 Nd7 11 Ba3 e6 12 Nc7 Rb8 13 O-O-O b6 14 f4 when Black has play for the pawn, although nothing concrete. In the game, with queens on the board, Black gains momentum quickly with his superior development against White's weak squares at c4, d3 and e3.

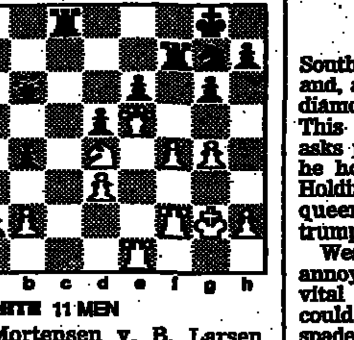
9 ... Nd7 10 Rc1 Qa5 11 Nh3 Rd8 12 Nf2 Nc5 13 Bd2 Bxc3 14 bxc3 Be6 15 Qc2 Ne5 16 Bf4 Nxe4 17 Be2 g5!

The winning move, capturing the e3 square effectively before White can castle to safety. White gives up rook for knight to survive, but it's hopeless against Gelfand's accurate technique.

18 Bxg5 Nd3+ 19 Bxd3 Qxg5 20 f4 Qxf4 21 O-O Ne3 22 Qe2 Nxf1 23 Rxf1 Qe5 24 Bc4 Bxc4 25 Qxc4 Rac8 26 Qb3 Rxc3 27 Qxb7 Qc5 28 e5 Rc1 29 g3 Rd2 30 Qa8+ Kg7 31 Qf3 Rxf1+ 32 Kxf1 Rxa2 33 Nd3 Ra1+ 34 Kg2 Qg1+ 35 Resigns.

PROBLEM No. 812

BLACK 11 MEN



WHITE 11 MEN

J. Mortensen v. B. Larsen, Scandinavian world championship zonal 1989. A harmless position which looks slightly better for White's centralised forces. White's immediate threat is Nxe6; but, to the surprise of the audience, grandmaster Bent Larsen ignored it and continued with his Q-side pawn advance by 1 ... a4. Was Larsen's move a blunder or a trap?

Solution Page XXVII

Leonard Barden

BRIDGE

MY FIRST hand comes from rubber bridge:

N
♠ Q 7 4 2
♥ K
♦ 10 8 6 5 4
♣ 8 7 5

W
♠ 10
♥ J 10 8 5
♦ J 9 7 3 2
♣ 9 6 3

E
♠ 9 8 6 5 3
♥ 6 4 3 2
♦ –
♣ K J 10 2

S
♠ A K J
♥ A Q 9 7
♦ A K Q
♣ A Q 4

South dealt and said two clubs and, after North's reply of two diamonds, said four no-trumps. This is not conventional but asks partner to raise to six (if he holds two high honours). Holding heart king and spade queen, North said six no-trumps.

West led the heart knave, an annoying lead as it removed a vital entry. Now the declarer could not make four tricks in spades unless the suit broke 3-3. But if diamonds broke 3-2, all would be well.

The declarer – an expert – saw that if diamonds were not kind, a successful club finesse would be needed. Having worked this out, South led a club from dummy (East played the 10) and finessed the queen. When this won, he cashed the diamond ace and East showed out. Turning to spades, he cashed ace and king, but West followed only once – another hope dashed.

South thought he would cash all his high cards (ace of clubs included) and, after cashing knave of spades, throw East in with a club at trick 12, forcing him to give dummy the spade queen. East, however, threw hearts on the two diamonds. He threw his club knave on the heart queen and sacrificed his king on the club ace.

Now all the pressure was on West. South played knave of spades and West was in trouble. If he threw a club or a heart, South's club or heart would yield the 12th trick; if he threw his diamond, the queen of spades would overtake the knave and the diamond 10 would score.

Now for an easier, but fascinating, hand:

N
♠ K 9 8
♥ 10 9 6
♦ K 10 9 8
♣ 6 5 3

W
♠ J 7 5
♥ 8 4
♦ 7 4 2
♣ Q J 10 9 8

E
♠ Q 10 4 2
♥ J 7 5 3 2
♦ A J 6 5
♣ –

S
♠ A 6 3
♥ A K Q
♦ Q 3
♣ A K 7 4 2

South dealt at a love score and bid two clubs – two no-trumps is better. He then re-bid two no-trumps over the response of two diamonds, and North raised to three.

West led the club queen, East throwing the two of hearts. Taking with his king declarer saw that, to make his contract, he needed two diamond tricks, so he led his queen and East (correctly) ducked.

South led another diamond, finessed the eight and the knave won. Declarer could establish another diamond trick but he could never enter dummy to enjoy it – one down.

At trick two, South should lead the three of diamonds and finesse the eight. East cannot duck – if he does, the queen follows, which sets up a second trick at once.

He took his knave and led a heart. Winning in hand, declarer led his diamond queen and overtook with dummy's king. It made no difference whether East took or ducked. The ninth trick was established. The diamond play is delightful, simple – but missed so easily.

E. P. C. Cotter

HOW TO SPEND IT

In town house or suburban semi, everyone yearns for a country house lifestyle. ***Lucia van der Post*** *points the way to achieving it*

Rural bliss in the urban nightmare

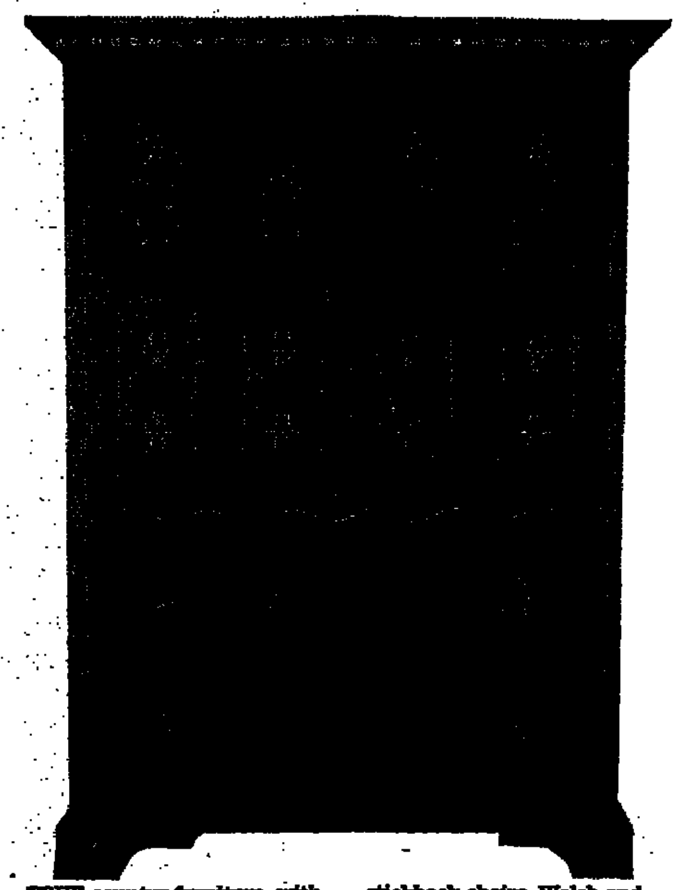
IN THE HEART of almost every Englishman – except perhaps Bernard Levin – there seems to lurk some dream of rural bliss, a belief that country life must be better, more wholesome. Some never make the great escape and some never need to, for it has perhaps as much to do with mood as geography.

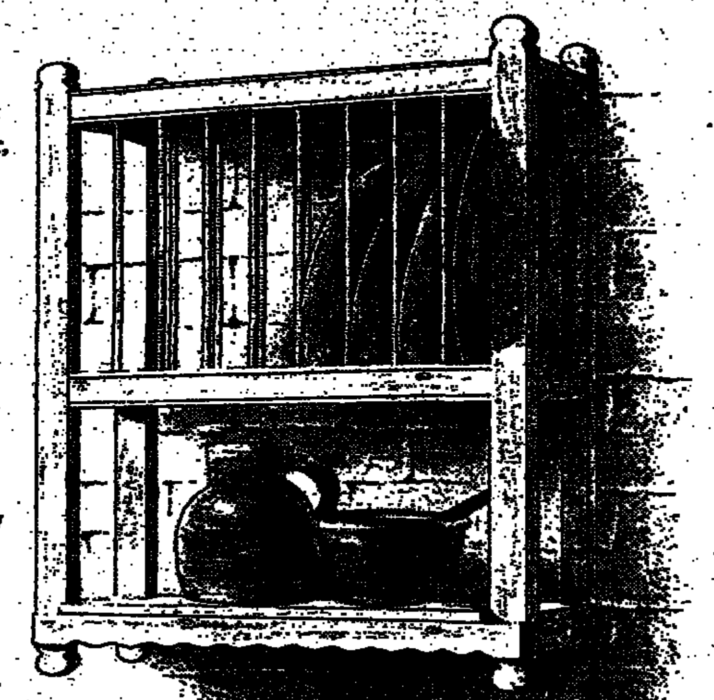
Deirdre McSharry, first editor of *Country Living*, also seems to believe that country living has more to do with attitude than location, and she and a host of followers have struck gold with the notion that you, too, no matter where you live, can enjoy a little of the country's magic.

Three new books have homed in on this notion. The most inspirational is the one – spawned by *Country Living* magazine – called *Country Living Country Decorating* (published by Ebury Press, £14.95). It takes its tone from the American approach to country living; it avoids the excesses of the over-romantic British style and focuses on the simple beauty of Shaker-style. It is a visual delight, but it is for those who hanker after a simpler, warmer and truer vision of country-style.

Miranda Innes' *The Country Home Decorating Book*, (Dorling Kindersley, £14.95) also takes the American Colonial influence as its starting point but is more practical, giving chapter and verse on how to create or restore a country-style interior. Finally, there is *The Country Diary Book of Decorating, English Country Style* (see below), which veers towards the chintzy and the romantic. It covers almost every style that could conceivably be grouped together under a "country-style" label, from rampant floral mania through dark Tudor and prim suburban to echoes of the American puritan ethic. Though the soppiest of the three, it has plenty of ideas.

As to the rest of the page, for those furnishing or restoring a suburban semi, an urban terrace or even a proper country house, here are some suggestions.





THE NAME of John Lewis of Hungerford must be well known to many readers as a maker of high-quality individual kitchens. To these, as free-standing, unfitted kitchens became more popular, he later added a range of furniture: handsome tables, dressers, cupboards and all the other pieces that make up a traditional kitchen.

As Lewis and his various customers worked together to plan their dream kitchens he began to realise that just as the traditional pieces filled a need that no smart Formica-topped cabinet ever could, so the old accessories were sorely missed. Who among us hasn't longed for an old-fashioned wooden plate-rack, a pantry cupboard to store the preserves, a sturdy wooden shelf on which to put a plant or a casserole, a knife-box to keep the knives properly stored, an old-fashioned proper wooden tray, and so on.

John Lewis has therefore designed a collection of 20 new accessories, all in romantic, nostalgic, rustic mood. All are made of hand-finished and hand-painted solid pine and all are available in six finishes: distressed pine, rubbed cornflower blue, rubbed cream, New England Slate Blue, Provencal ochre and Burgundy, all of which look wonderfully aged and gentle. Prices range from £19.50 for a bracket shelf to £165 for the preserve cupboard.

Not all of the pieces, in my view, are equally successful. I like best the pieces that are strictly functional: the egg rack (£32.50), the plate rack (sketched above, £165), the knife box (below, £42.50), the preserve cupboard (bottom left, £165) and the butter cupboard (£79.50). The coat pegs, the hanging shelves and the tea trays are also sturdy, useful pieces but I am less enamoured of the "Welcome Friends" picture in an old Colonial frame of an upholstered stool.

All the accessories are available at John Lewis of Hungerford shops in Upper Borough Walls, Bath, Avon BA1 1 RG; Hart Street, Henley-on-Thames, Oxon. RG9 2AR; High Street, Hungerford, Berkshire RG17 ODN; Connaught Street, London 2BS; and Liberty of Regent Street, London W1R 6AH, as well as by mail order. A brochure is available from the Hungerford, Berkshire branch, cost £2.

ILLUSTRATIONS: JAMES FERGUSON

TRUE country furniture, with its air of solid, dependable honesty is, to my mind, among the most attractive furniture around. Unpretentious and functional, the pieces seem imbued with a simple charm that appeals to countryman and metropolitan man alike. All over the country through the 17th, 18th and 19th centuries there were workshops where village craftsmen lavished care and skill on turning pine, oak, ash, beach and elm into the pieces we all know and love today. Alas, as its popularity has risen so have the prices, so today even the simplest of pieces, particularly if genuine antiques, are out of reach of many of us – if we can find them.

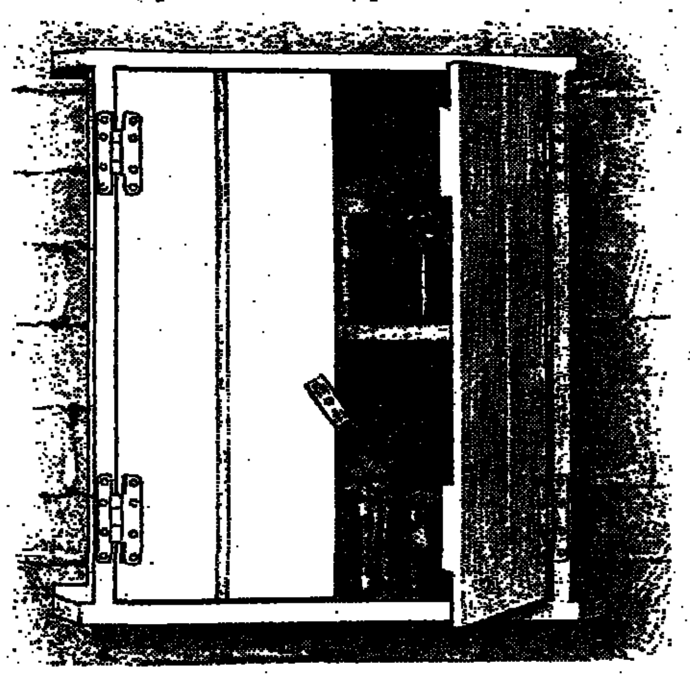
Somerset Country Furniture is a small company down in the West Country which started off by finding, restoring and then selling antiques. As the supply began to dry up it began to realise that it wouldn't have a business left unless it turned to manufacturing. So it started reproducing all the simple, durable, functional pieces once made by the village craftsmen. Only new wood is used – the traditional English woods like pine, oak, ash, beach and elm – and the designs are all the classic simple country pieces.

There are kitchen tables and dressers, pedestal tables and stickback chairs, Welsh and Georgian servers, pantry cupboards and Georgian domed armoires, there are chests and chests of drawers, corner cupboards and a simple Shaker-style country bench – all in all, the sort of pieces that every house needs and that are often hard to find.

The designs can all be bought either unpainted, plain painted or decorated. As you can see from the photograph above of a Georgian panelled cupboard, some of the painted furniture is reminiscent of the peasant designs that came from Austria and Switzerland and was taken abroad to a new life in Pennsylvania and other parts of America.

However, the chief advantage of these designs is that any and every piece can be made exactly as you like – plain or highly decorated, in whatever colour scheme you choose. In addition you can order one-off pieces. Prices range from about £228 for a stick-back carver chair to £1,449 for the painted Georgian panelled cupboard above. There is also an exceptionally attractive and very simple Shaker-style four-poster for £644.

There is a full-colour explanatory brochure, £2.50 from Somerset Country Furniture, The Old Chapel, Church Street, Ilchester, Somerset. Tel: 0935-841212. There are always pieces for sale in the shop but orders take six weeks.



Floors, with polish

FLOORING CAN make more of an impact on a room or house than almost any other single item. It also tends to be expensive. If your floors are in need of a lift you could hardly do better than invest £16.95 in *Floor Style* by Yvonne Rees (published by Headline), which looks at everything from simple pine to oriental runners, taking in marble, vinyl, stone, carpet and a host of other suggestions. It is a book in the newly fashionable aspirational genre but visually inspiring for all that.

■ Amtico flooring goes from strength to strength with classic designs and an ever-increasing range of designer floorings. Of course, the more design-orientated the flooring, the more complex are the calculations and the more careful the customer has to be – which is where Amtico's new studio in Epsom, Surrey, comes in.

You can browse through the complete range, see plenty of examples and, above all, ask for help in designing your floor. The wonders of the modern computer world are there to help – you give the measurements of your room, the patterns, flooring and designs you're after, it is all fed into the computer and out comes precise drawings and specifications. The Amtico Studio is at Epsom Business Park, Kiln Lane, Epsom, Surrey.

■ If your budget is limited you ought to look at Crucial Trading, which has recently opened what it describes as the "first ever floor covering showroom devoted entirely to natural materials" at 77 Westbourne Park Road, London W2. Here are gathered over 30 different natural materials, from seagrass to sisal, coir and rush matting. There is a vast choice in sisal alone, including bronze boucle, light honey boucle and off-white boucle, all latex-backed and sold in four metre-wide rolls.

Almost all the floor coverings (except the mediaeval matting, which is made of rush) have an integral latex backing, making them easy to keep clean. Prices per metre start at £9.95 for coir and seagrass, cheapest sisal and luxury coir are £12.75. New heavy-weight sisal is £35.80 and Mediaeval Matting is £28 a metre. The company prefers enquiries to go to the Shropshire headquarters at 05887-666.

■ If you are after proper wooden floors then Junckers could be the company for you. It specialises in Danish hardwoods like beech, elm, ash and oak, in various colours and thicknesses. You either buy the wood and get your own builder to lay it or they will recommend flooring contractors. For a brochure write to Wheaton Court Commercial Centre, Wheaton Road, Witham, Essex or tel. 0376-517512.

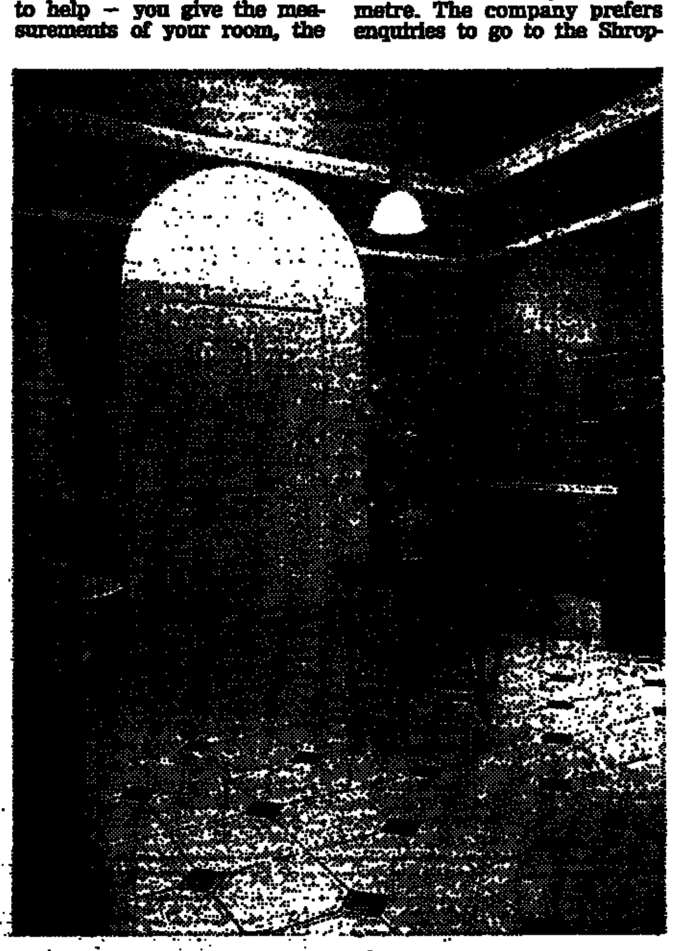
■ Paris Ceramics has one of the widest selections of flooring tiles but is probably best known for its vast range of antique terracotta and stone floors, all reclaimed from chateaux, farms and manor houses in France. There are rose ochre tiles from Bourgogne, reddish pink "Violin" from Normandy, grey flagstones from Provence, all with a marvellous patina.

Paris Ceramics is used to the problems involved in re-laying and renovating old floors and will help either restore or match-up antique tiles. It also offers modern terracotta tiles made by a Spanish company.

Paris Ceramics are now to be found at two addresses but both should be visited by appointment only. The branch at 543 Battersea Park Road, London SW11 3BL (tel. 01-228-5785) sells the new floor and wall tiles and displays some antique tiles. The warehouse at Unit 4, Mercury Works, 4 Leysfield Road, London W12. (tel. 01-746-2240) sells the antique flooring.

■ A remarkably beautiful and reasonably-priced range of contemporary ceramic floor tiles are the Froyle Tiles made by Froyle Pottery, Lower Froyle, Alton, Hampshire GU34 4LL (tel. 0420-23693). These are made from a mixture of clays from Cornwall and a high-firing Etruria marl from the Midlands using a technique that has changed little since the Middle Ages. The colours are marvellously subtle – mossy green and ambers, off-whites and mid-blues, grey-greens and creams – and the shapes include a square, rectangle, triangle, octagon, hexagon, diamond, "leaf" and "wave". As all the making and glazing is done on the premises almost any combination of shape, colour and size can be made.

Prices for the flooring using, for example, 6 in by 6 in square tiles would be £68 per square yard; white 12 in by 6 in herringbone shapes would be £74; and 6 in "wave" tiles would be £88. Froyle Tiles has a colour catalogue which shows some of the options but it is worth visiting the pottery itself to see the range in all its glory.



The right floor makes all the difference – vinyl tiles from a photograph from *Floorstyle* by Yvonne Rees

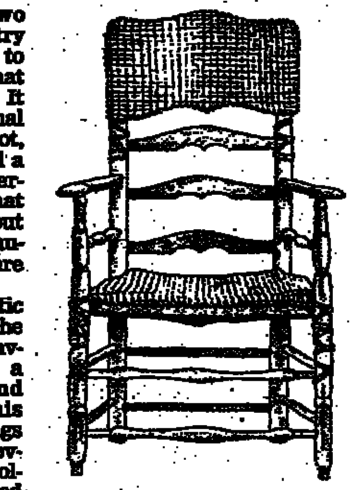
High style for a country seat

THERE SEEM to be two broadstream styles of country living. One – which is more to my personal taste – is what you could call Shaker-style. It is based on a simple, functional way of living which does not, however, exclude beauty and a fine aesthetic sense. Shaker-style country living means that everything has a purpose but is none the less made as beautifully and with as much care as its maker can muster.

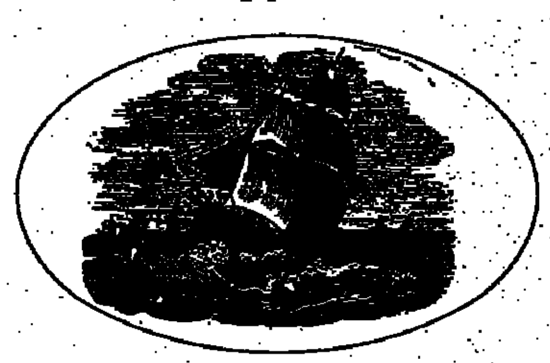
Then there is the romantic style of country living – the one that depends upon a ravishment of the senses, on a profusion of colour and full-blown prettiness. This style seems to go in for swags and frills and drapes and covers. When done well, when colour and pattern are handled with skill and a fine eye, it can be overwhelmingly seductive.

This is the style of country living that *The Country Diary Book of Decorating English Country Style* by Sydney A Sykes, published by Webb & Bower at £15.95, celebrates. Anybody with a hankering for country-style furnishing in a romantic vein will find it a rich source of ideas and practical tips. From ideas for dressing windows to colourful suggestions for the garden, it homes expertly on to the urban longing for rustic bliss. You can almost smell the hay.

Romantic-style country-dwellers do not, it seems, allow their chairs to go about the world undressed. The current fad is for dressing them up in frills and bows, bustles and pleats. Here, to give you some idea of the style of the book, are three suggestions of how to tackle the vexed question of modesty for chairs.



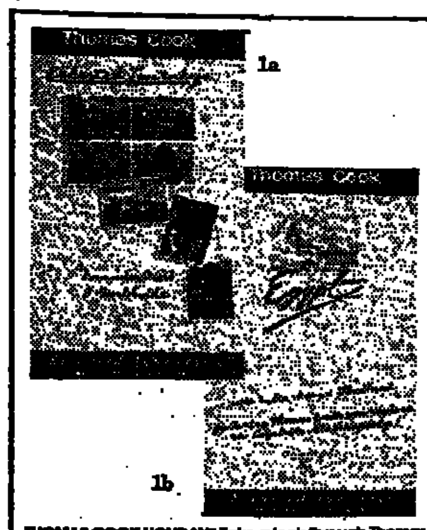
Travel



Brochure Guide

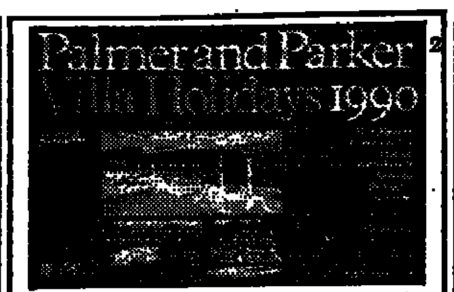
1a

1b



THOMAS COOK HOLIDAYS Take a look through Thomas Cook's Escorted Journeys and Egypt brochures, to discover an effortless way to see the world. Our own Tour Managers accompany you, smoothing away the tiresome details of travel, leaving you the romance and adventure. To find out more select your brochure, or call FREE on 0800 88 1212 or visit your local Thomas Cook Shop.

2

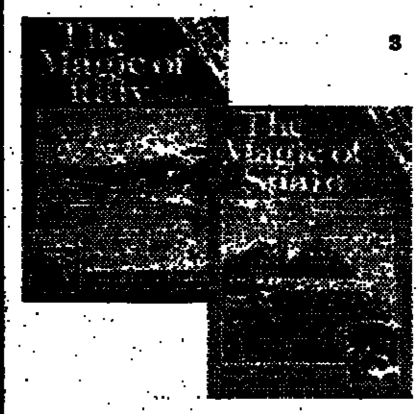


THE BEST VILLAS are in the Palmer and Parker blue book. All have their own private pools, some have tennis courts, most have staff – and none are cheap.

Algarve, France, Spain, West Indies and Palm Beach. Heathrow, Gatwick and provincial flights. Car Hire Included.

Palmer and Parker Holidays
63 Grosvenor Street, Mayfair
London W1X 0AJ Tel: 01-493 5725

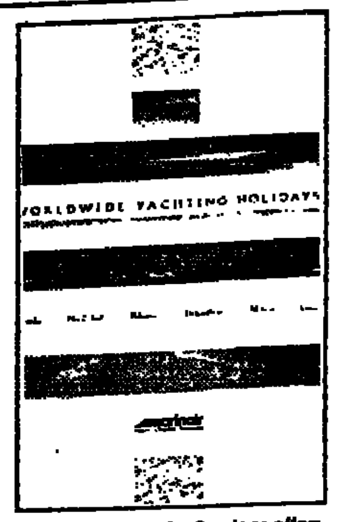
3



Discover the quality choice and freedom of a Magic holiday. We have chosen for you villas and small hotels of charm in the lovelier parts of Italy and Spain.

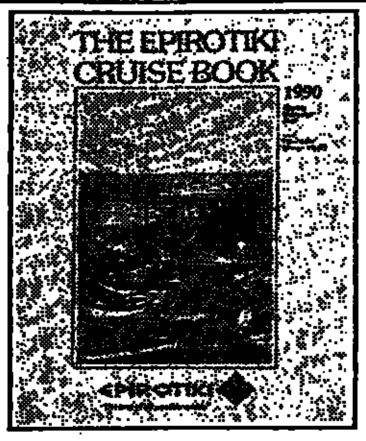
24 hr Brochure hotlines:
Italy: 01-741 1349 Spain: 01-748 4569

4



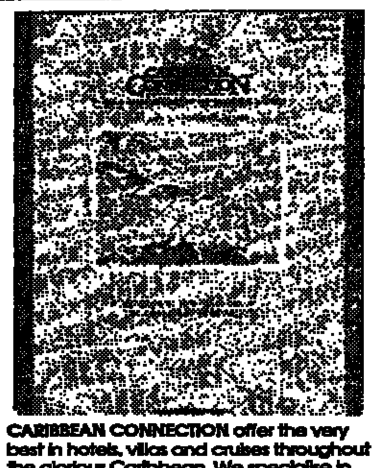
Moorings Yacht Charter Services offers crewed or bareboat charters in Australia, New Zealand, Bahamas, The Caribbean, Malaysia, Greece and Turkey. Member of ABTA (42605), IATA and BMIF.
Tel 0843 227140

5



Discover a wealth of fascinating world-wide cruise itineraries. To receive your copy of the 1990 Epirotiki Cruise Book, please contact Epirotiki Lines, Westmorland House, 127/131 Regent Street, London SWR 7HA Telephone 01-734 0805/0806, or, fill in the coupon on this page.

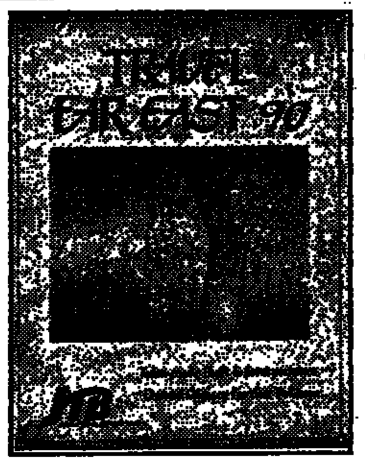
6



CARIBBEAN CONNECTION offer the very best in hotels, villas and cruises throughout the glorious Caribbean. We specialise in tailoring holidays to match your wishes exactly.

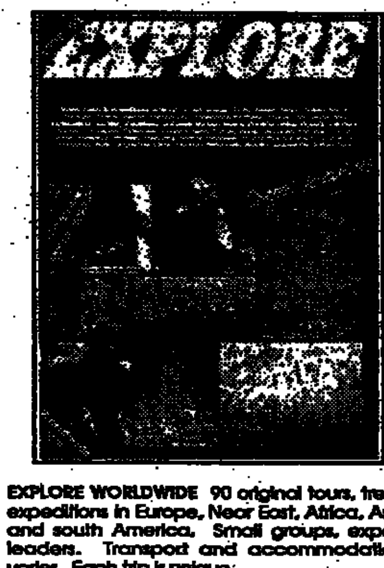
You can even take off tomorrow for you personal paradise. For "Late Availability Special Offers", ring our Hotline now on 0244 341131.

7



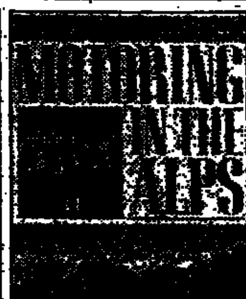
JAPAN TRAVEL BUREAU Experience the unique culture and traditions of Japan. JTB's brochure features an affordable range of escorted tours to Japan and the Far East.

8



EXPLORE WORLDWIDE 90 original tours, treks, expeditions in Europe, Near East, Africa, Asia and south America. Small groups, expert leaders. Transport and accommodation varies. Each trip is unique.
Telephone: (0252) 344161 (24 hrs).

9

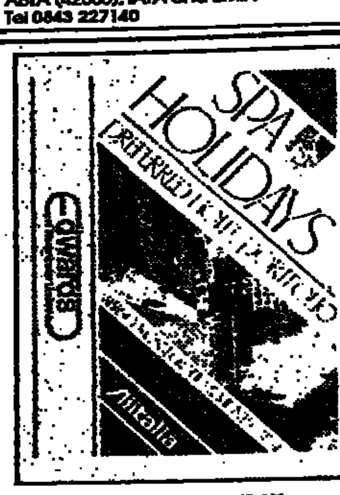


- 14 Alpine Resorts
- TOTAL FREEDOM Own Car Own Itinerary
- INCLUSIVE PRICE Ferry Crossing AA 5 Star Service En route Hotels
- Range of Activities

- Tailor made holidays
- TOTAL FLEXIBILITY Fly/Drive Motorhomes Tours/Ranches
- All Scheduled Flights

For a brochure ring 01-685 0344

10

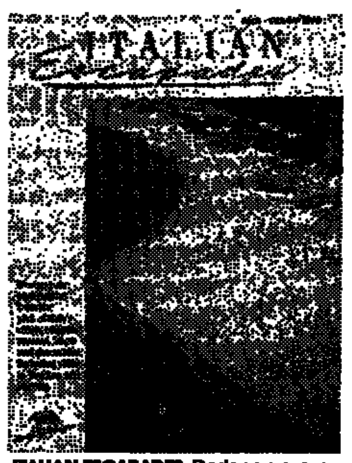


LET YOUR BODY TAKE A HOLIDAY
Edwards of Westminster have organised Spa holidays since 1970 to Abano Italy. These Spa treatments help to improve the quality of Health, relieve Aches and Pains and restore Fitness and Energy. For colour brochure and personal service please ring 01-904 2202
ABTA-IATA

11

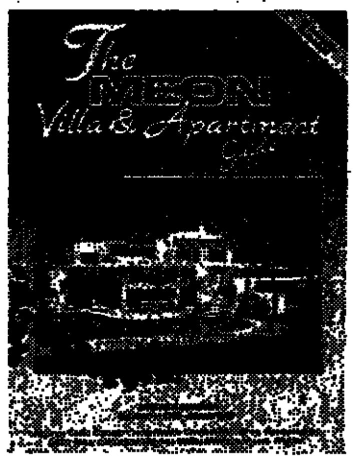
PROSPECT MUSIC & ART LTD. Our art and history tours are all accompanied by a guest lecturer. Carefully planned itineraries throughout Europe the USA and Middle East, the tours range from four to fifteen days. Separate Opera Holidays brochure. Tel: (01) 742 2323 for brochures

12



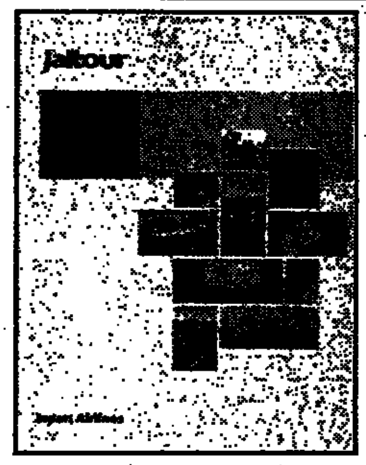
ITALIAN ESCAPADES. Design your own holiday from the pick of Italy's cities, islands, beach resorts, lakes and mountains, including villas in Tuscany and touring.
ANY DURATION, ANY COMBINATION.
Tel: 01 748 1333 (reservation) or
01 563 0379 (24 hrs)

13



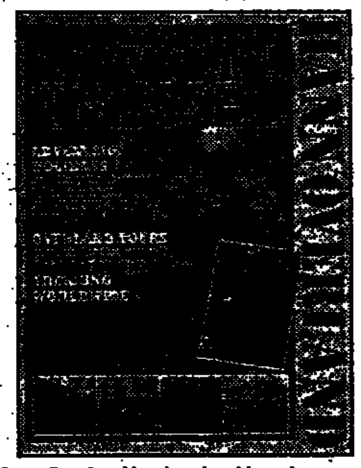
MEON VILLA HOLIDAYS specialise in privately owned villas to over 15 destinations
MOST WITH A SWIMMING POOL AND CAR THROWN IN!
For brochures telephone 0730 66561, or see your local travel agent.

14



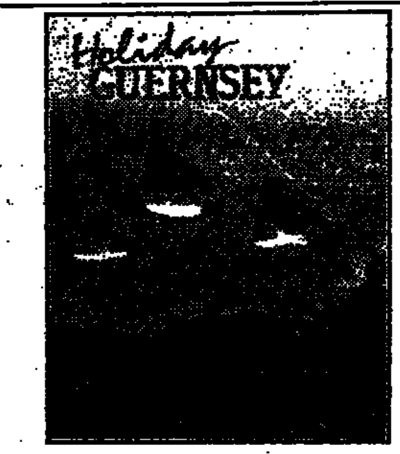
JALTOUR is a totally flexible tour programme for the independent traveller. With daily departures to Japan, it offers you an ideal opportunity to plan your journey and combine business with pleasure, at your own pace
TEL: 01-637 3330 FAX: 01-637 5217

15



Hann Overland is a longhaul travel company specialising in short adventure holidays for small groups. These range from the rain forests of Borneo to the mountains of Tibet to the ancient deserts of Jordan and Iraq. For the adventure of a lifetime why not phone for our exciting brochure on 01-834 7337.

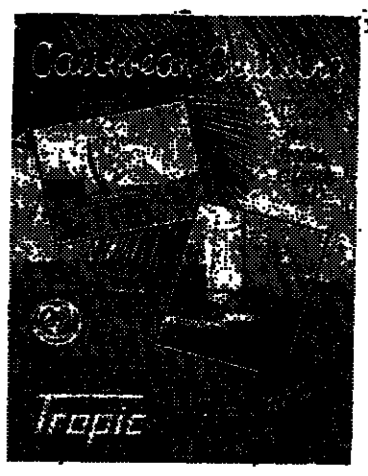
16



Guernsey - for all seasons

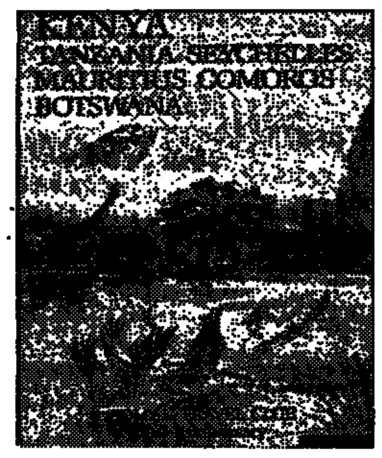
The holiday isle with its own Continental flavour and year-round delights, where spring arrives a little sooner and after long summer days comes a lingering autumn. Scenery, history, unspoilt (and uncrowded) beaches, picturesque St Peter Port and mouth-water menus combine to make Guernsey perfect for every holiday taste. Free brochure 0481 23557 (24 hours).

17



TROPICSAIL. Caribbean from £799pp
Sail the fabulous Virgin islands or Grenadines aboard your own luxury sailing or motor yacht from £799 pp including return BA flights. For your brochure tel 0752 881570 (24 hrs)

18



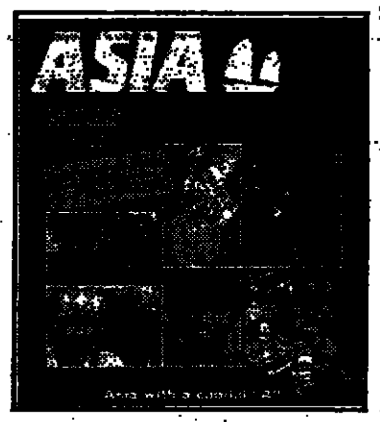
A holiday brochure specially designed for the travel connoisseur who expects nothing but the best. For all details call us on: 01 903-8166

19

Prestige Hotels. A selection of some of the best town and country house hotels in Britain and abroad. Leisure and business travellers alike will appreciate the individual style and impeccable service that are our hallmarks. For those with a short-break in mind, 'Prestige Interludes' features a wide selection of our hotels from Bath to Barbados.

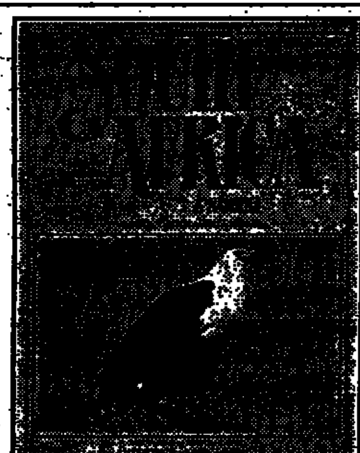
Call us toll-free on 0800 282 124

20



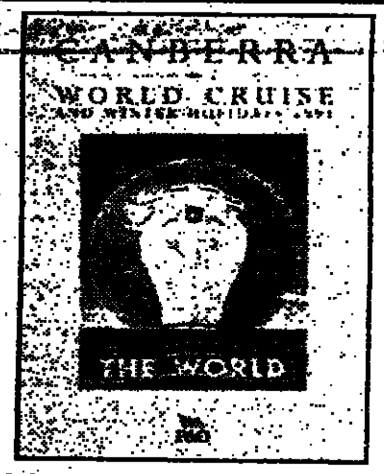
ASIA VOYAGES, the specialist in tailor-made itineraries to the Far East and Australia with our own network of offices throughout the region.
11 High Road, Byfleet,
Surrey KT14 7QH
Telephone: (0932) 336811 ABTA 90204

21



Southern Africa Travel, a leading specialist tour operator with over 19 years' experience of South Africa, offers an unrivalled selection of quality arrangements including centre holidays, escorted and semi-escorted tours, fly/drive, fly/rail, holidays by sea, private home holidays plus South Africa with Zimbabwe, Mauritius, Malawi, Botswana and Namibia.

22



On Sunday 6 January 1991 CANBERRA sails westwards round the globe via such EXOTIC DESTINATIONS as St Thomas, San Francisco, Fiji, Sydney, Hong Kong and Mombasa, returning 90 days later.

Fares from £4950 per person. Shorter passages also available from 15 to 66 days in length. Send for our lavish FULL COLOUR brochure.

23

With Hong Kong offering such a wide variety of things to see and do you will want to stay longer. Our Discovery guide contains a suggested 10 day itinerary offering a selection of ways in which you can get the most out of your Hong Kong holiday.

24

Visit the wine region of your choice to taste some of Europe's finest wines, accompanied by a wine expert (usually a Master of Wine) and a small group of like-minded folk. A world Wine Tour is a holiday, vinous and cultural, stimulating, relaxing and above all enjoyable. Tours run all over Europe and throughout the year. Tel: 0865 891919; Fax: 0865 891337; Tlx: 838998 GRAPES G.

HOLIDAY ONTARIO BY CONCORDE

From the sleek sophistication of Toronto to the hauntingly beautiful wilderness, Ontario by Concorde is the ultimate Canadian experiece for the more discerning holiday maker in Summer 1990.

25

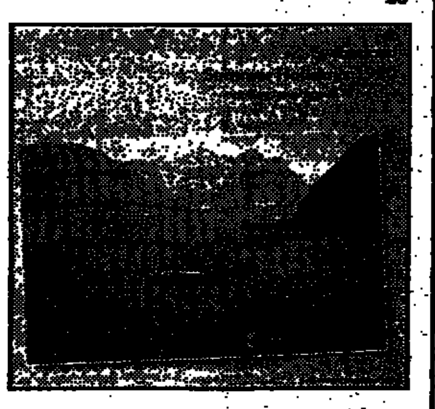
Prices, from £1,625 per person, represent really exceptional value for money.

Call now for a brochure.
01-685 1568

Ontario Blyth&Company

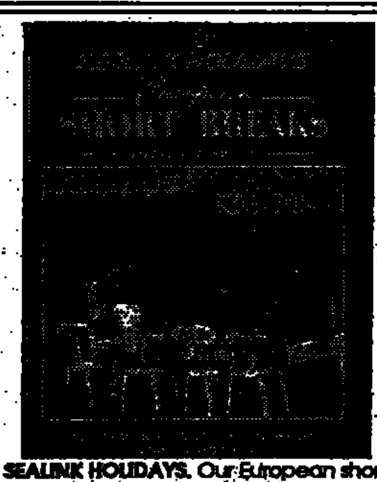
For more information on Ontario call Ontario Tourism on (01) 245 1222.

26



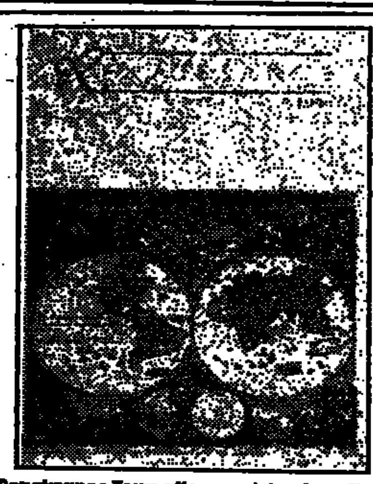
SWITZERLAND - SUMMER HOLIDAYS 1990 complete list of package tours by British Tour Operators with their addresses and resorts & cities in Switzerland. Also mentions special interest tours and method of travel.

27



SEALINK HOLIDAYS. Our European short breaks are something special. Unusual destinations like pictruesque Honfleur and Bayeaux as well as classic short breaks cities of Paris, Amsterdam and Bruges. For you spring/summer brochure call 0233 647033.

28

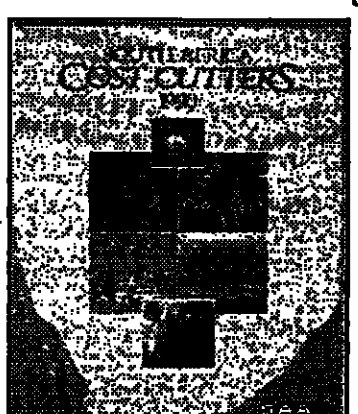


Renaissance Tours offer a variety of quality themed travel opportunities to destinations within Britain, Europe and beyond. Group sizes are restricted, and prices range form £290 for a three night study of "Constable Country" to £2350 for an exploration of Costa Rica's Natural History. Phone free on 0800 300 555.

29

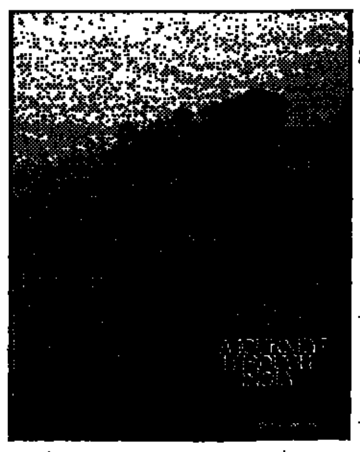
'Into Europe' comprises a unique collection of exclusive journeys for those seeking to travel in fine style. Choose from elegant rail tours abroad historic carriages to idyllic cruising on tranquil waterways, all providing the highest standards in accommodation and service, superb food and fine wines. 'Into Europe', is for the discerning and individual traveller. For your 'Into Europe' 1990 brochure - Tel: 01 730 9600

30



TELEPHONE: 01-839 2764

31



Let Greaves Travel show you the magic that is India. Flights are via British Airways. Hotels are exclusively five star. Virtually throughout your stay you will be cosseted in air conditioned luxury. For a memorable holiday ask for the Greaves brochure, 'A Journey Through India' by calling 01 487 5687

32

This coffee table brochure is free & offers for your pleasure a selection of outstanding country & town house hotels available througout Britain, to the discerning traveler. Each is privately owned & offers comfort and caring service beyond generally accepted standards. Please write for your brochure to Pride of Britain Hotels, Write 20 The Greenway, Shurdington, Cheltenham, Glos. GL51 5UG

33

MARK WARNER offers club-style beach holidays to Corsica, Sardinia, Italy, Crete, and Turkey. Good value prices which include everything from travel and accommodation, food and wine, to watersports equipment hire and tuition. Kids clubs and mini clubs in selected resorts.
Mark Warner, 20 Kensington Church Street
London W8 4EP. Tel: 01 938 1851

34

Quo Vadis Ltd offers one of the most comprehensive programmes for hotel and chateau holidays in France, covering 17 regions including the beautiful Loire valley and 4 new Longhaul destinations which include the French Caribbean and the Seychelles. Travel by air or self drive options are offered. Tel: 01 387 6122
ABTA 75401

TRAVEL

Long-haul bookings buoyant

***David Churchill** on the popularity of exotic locations*

WHILE UK demand for short-haul package holidays to traditional Mediterranean resorts this summer is still sluggish – bookings are down by about 20 per cent compared with last summer – the long-haul sector to exotic far-off destinations ranging from Bali to Barbados is still surprisingly buoyant.

"Bookings are up by 30 per cent in comparison with the same time last year," says Peter Kerkar, chief executive of Cox & Kings, specialists in long-haul trips to India and the sub-continent. Drew Foster, chairman of Caribbean Connection, also says that bookings are running more than a quarter up on last year to most Caribbean resorts.

In short, the travel industry is slowly coming to terms with a simple fact of economic life: that while high interest rates mean financial problems for many of the customers who have been the mainstay of the package holiday market for the past decade, it also provides those with savings with even more money to spend.

Typically, however, those benefiting from the Government's high interest rate policy tend to be older and more experienced travellers who are more likely to seek the novelty of holidaying further afield than reliving past experiences in the Mediterranean.

Although long-haul holidaymakers are far fewer than those on short-haul packages – about one in every 10 travellers abroad this year will be on a long-haul trip – the average cost per trip (which includes fatter profit margins for the tour operator) is several hundred pounds more than for a standard Mediterranean holiday.

Of course, people expect more for their money. After a decade in which tour operators have persuaded the public that holidays are a cheap commodity, some in the travel trade believe that travellers' expectations can sometimes be too high. Reports of dissatisfaction with long-haul flights and hotels are said to be on the increase, according to travel industry sources.

In terms of numbers, the US – especially Florida – is the most popular long-haul destination for Britons again this year.

Travel agent Thomas Cook, for example, puts Orlando at the top of its current list of best-selling long-haul destinations. The lure in central Florida is clearly the Walt Disney World resort, but travel agents and tour operators say that demand is strong for other parts of the US as well. "We are especially finding many people wanting to explore Boston and New England as well as the national parks around Wyoming and Utah," says Guy Novik, chief executive of specialist operator USAirtours.

The traditional popularity of the Caribbean with Britons has been boosted this year by a slow-down in numbers of tourists from the US (as the equivalent of their Mediterranean, the ones with money are also looking further afield it seems).

As a result, the islands' hoteliers are more prepared to do deals on accommodation than in recent years. Jamaica, according to Ian Smith of the Lunn Poly travel agency chain, has recovered from the effects of Hurricane Gilbert and is doing well: better, in fact, than Barbados.

The Swiss-owned Kuoni group has been a long-haul specialist for many years. Last year it saw its turnover increase by 23 per cent to £138m, its top destination for Britons being Thailand – up 30 per cent over the year. This year Thailand may well see slower growth because of steep price rises at some hotels, particularly in Bangkok.

Egypt was Kuoni's No 2 destination for Britons last year. It is a country which saw a remarkable revival in tourism in the last part of the 1980s. "The boom in demand for Egypt has led to some hotel capacity shortages, problems with internal flights including Abu Simbel, and some general strain on resources, particularly in Luxor," Kuoni reports.

With the new generation of long-haul aircraft increasing the range and ease of travelling even further afield in the 1990s, what will the new destinations be?

Most in the travel trade expect China gradually to recover some of the growth in popularity it was enjoying before last summer, as long as some sort of political stability continues. Australia also continues to attract more Britons as a holiday destination.

Potentially most interesting new destination in the 1990s is seen to be South Africa – so long as the pace of political change continues to accelerate as it has done in recent weeks and the country is accepted back into the international community.

The Taj Mahal: about one in ten holidaymakers will take a long-haul flight this year with India and the Caribbean proving ever more popular

Merrie England

It's a monk's life

***Christina Lamb** finds a Thai temple in the unlikely setting of London's Wimbledon Hill*

ANDY WARHOL would have been proud of the scene. At the foot of a huge yellow grinning Buddha at the shrine of the Wat Buddhapadipa is a tray laden with pink extrasoft toilet rolls, a box of teabags and a packet of cornflakes. The saffron-robed monks of the temple are not allowed to buy food so they rely on offerings from followers. If they find the kitchen bare they venture into the streets with begging bowls.

Nothing out of the ordinary, perhaps, except that the nearest main street is Wimbledon Broadway and the temple is located in a leafy lane in one of London's most affluent areas, Wimbledon Hill, a locality more usually associated with rich disc jockeys and movie stars.

The discreet brick-pillared entrance to No 14 Calonne Road does not look out of place. At the side of the pine-lined drive is a large manor house, home to the most unlikely members of Wimbledon's Neighbourhood Association.

Nailed to the trees are wooden signboards warning against "negligence" and "intimacy with sensuos delights" – Thai monks' slightly more profound version of Home Sweet Home. In front, on a slight hill, is a perfect replica of a Bangkok temple: a white and gold pagoda with heavy golden doorway and curly roof.

The temple was inspired by a Canadian monk who, after studying Buddhism in Bangkok, travelled Europe to find the perfect site for the continent's first Thai temple. Having rejected Germany as "not comfortable," he arrived at Hemel Hempstead where he spent some time collecting monks before finally deciding on East Sheen in 1969.

With the aid of the Thai Government under the patronage of the Thai royal family, he bought a large house, converting the living room into a shrine and building huts around for the increasing number of monks.

However, visitors were disappointed to find no more than a sign proclaiming it as a temple so plans were drawn up for building a real temple. After years of negotiations with the Department of Environment, which is not used to dealing with Thai monks, no permission was forthcoming. When local authorities insisted that they destroy the huts it was time to move.

In 1975, £140,000 secured a "southfacing mansion with ornamental fishpond" in Wimbledon, and seven years later the temple was inaugurated by the Princess of Thailand. Today, the fishpond is often ablaze with candles floating on lilies for numerous festivals; according to the guidebook, beneath the surface "goldfish make their quarters and roam about daily in silent albeit joyous formation."

While all this activity is going on in the fishpond the monks in saffron sheets and purple socks are spending their days meditating and chanting; in turn, Phramaha Term Phaguno, the giggling temple secretary, is fielding calls from Channel Four and fussing a ginger tabby.

Monks like Mr Term, as he lets infidels with a pronunciation problem call him, regard coming to Wimbledon as a mission. Judging from the crowds gathering every Sunday they have had great success in attracting locals off the golfcourse and into meditation classes and retreat weekends.

One really has to be committed to attend retreats. One of them started at 5am and consisted of chanting, walking meditation, sitting meditation and more chanting, broken only by the ominous sounding Silent Lunch.

Mr Term giggled in embarrassment when I asked him about the psychedelic murals inside the temple. Supposed to depict the stages of Buddha's life, the artists, whom he generously describes as "independent minded," got a little carried away and Buddha's holy deeds are inexplicably interspersed with rockets, aeroplanes, floating Big Bens and even a perfect miniature Mona Lisa.

The most intriguing scene is the last in which Buddha is faced with temptation, "The Evil One," as Mr Term calls it. On one side of a vast pit are monks and Thai temples; on the other a motley collection of figures include Charlie Chaplin and Colonel Gaddafi watched by a handbag-clutching Margaret Thatcher on a bench. It is not clear what forces of evil are represented by whom. Above the melange float the Taj Mahal, the Houses of Parliament and the White House in a Pythonesque landscape.

Watched over by a series of Buddhas and two grandfather clocks, the psychedelic paintings attract amazed comments in the Visitors Book, such as "Far Out " from Rob Smith of London.

Mr Term refuses to be drawn on what the neighbours think, admitting only that "sometimes they suggest to us our way is not the English way." But in his enthusiastic efforts to be a good member of the community he joined the Wimbledon Neighbourhood Association: saffron robes clashing rather violently with the blue rinses at the annual meeting he never fails to attend.

The monks are now hoping to open new temples in Brighton and Birmingham. In the meanwhile they are attracting many people to festivals such as "Thank the Water" and they have found plenty of willing local *farangs*, a rather derogatory sounding term for us foreigners, to clear the garden.

Requests come in from all over the world to set up temples: apparently a group of Buddhists in Denmark are particularly persistent, though Mr Term is not sure that they are ready. According to Mr Term, these days it is much easier being a monk – even in Wimbledon.

"The Buddha had to pound powder from roots of trees to produce the dye for his robes. These days we can buy factory-produced sheets."

As for the Canadian monk, he returned to his homeland where he's stopped wearing the robes. Apparently his relatives don't understand him.

TRAVEL/ARTS

Mellow moments in Montpellier

Michael J Woods found the old university town and its spectacular surrounding scenery of limestone gorges and forgotten villages much to his liking — despite all the snakes

MASSES OF copper butterflies swooped from our feet like pieces of charred *brown paper carried by the* breeze; from the thick scrub surrounding the rocky path came the incessant songs of nightingales. The sun was barely warming the ground when we climbed the final metres and emerged from the trees on to the summit of the Pic Saint-Loup.

It was an obvious hill to climb, a *limestone tooth standing up from the* rolling countryside around and a significant landmark to the north of Montpellier, west of Marseilles, in southern France. It was clearly visible from the sandy Mediterranean beaches: a steeply sloping and dark green molar with twin summits, one bearing a chateau, the other a great metal cross.

From either end, though, its form was quite different — narrow, sharp and fanglike, and from the top it was easy to see why for the northern face fell several hundred sheer metres to the *garrigue*, or dry Mediterranean scrubland, below.

On our descent to a welcome breakfast we encountered a snake, not the first and by no means the last we were to see. This one was slim and grey; while it could have been a ladder snake, from the illustration in my field guide I felt that the Montpellier snake in the adjacent picture was equally applicable and much more fitting.

The city of Montpellier has a long history as a seat of learning. Its university is an ancient one and the university quarter with its narrow streets and steep alleys is no place for cars. Some of it is now pedestrianised, enabling the stroller to examine details on the comparatively *plain facades; from within,* the sounds of lecturing voices or notes from piano or violin issue into the still heat of the afternoon.

The broad, open Place de la Comedie is a complete contrast. It lies in front of the city's opera house and leads away to a modern shopping centre, the Polygone, to the east and northwards through a cool plane-shady esplanade with tumbling fountains and on to a barely completed conference centre, the Corum.

The old and the new seem to sit comfortably together here, which is a necessity as the city's dynamic mayor is *pushing through a sweeping pro*gramme of urban renewal. An area to the east of the Polygone, occupied by the army for years, has been relinquished to enable new development to occur. The Antigone, as it is known, consists of 2,300 flats, offices, shops, a school and a church, and follows classic designs of crescents, circuses and squares. Its geometric layout is readily identifiable from the air as you fly into Montpellier.

From the air, too, I got good views of *the great areas* of open country to the north, and it was here that I spent most of my stay. The limestone hills which stretch away to the Cevennes National Park hold many secret gorges and small villages. North of St. Martin-de-Londres, for instance, lies the Ravin des Arcs, a deep white-rocked gorge with its own natural arch. The limestone has been *eroded away over the centuries and its* dust now holds the great round boulders in the summer-dry bed of the the River Lamalou in a grip like concrete.

We walked for perhaps two miles through the stunted Mediterranean landscape along a footpath, a *grande randonnee* well marked with painted red and white stripes, before climbing carefully down into the gorge itself. A swarm of wild bees was making use of a small cave-like shelter high on the cliffs, the residents clinging in a black mass to the base of several fins of honeycomb looking for all the world like the calcite curtains of a cave formation.

As we dabbled in the still pools left by the river there came a startling noise like a sharp yap which soon became a chorus from every quarter. We discovered the perpetrators: not a pack of wild dogs but a group of edible frogs, each inflating the pair of vocal sacs behind its eyes in order to create its strange call.

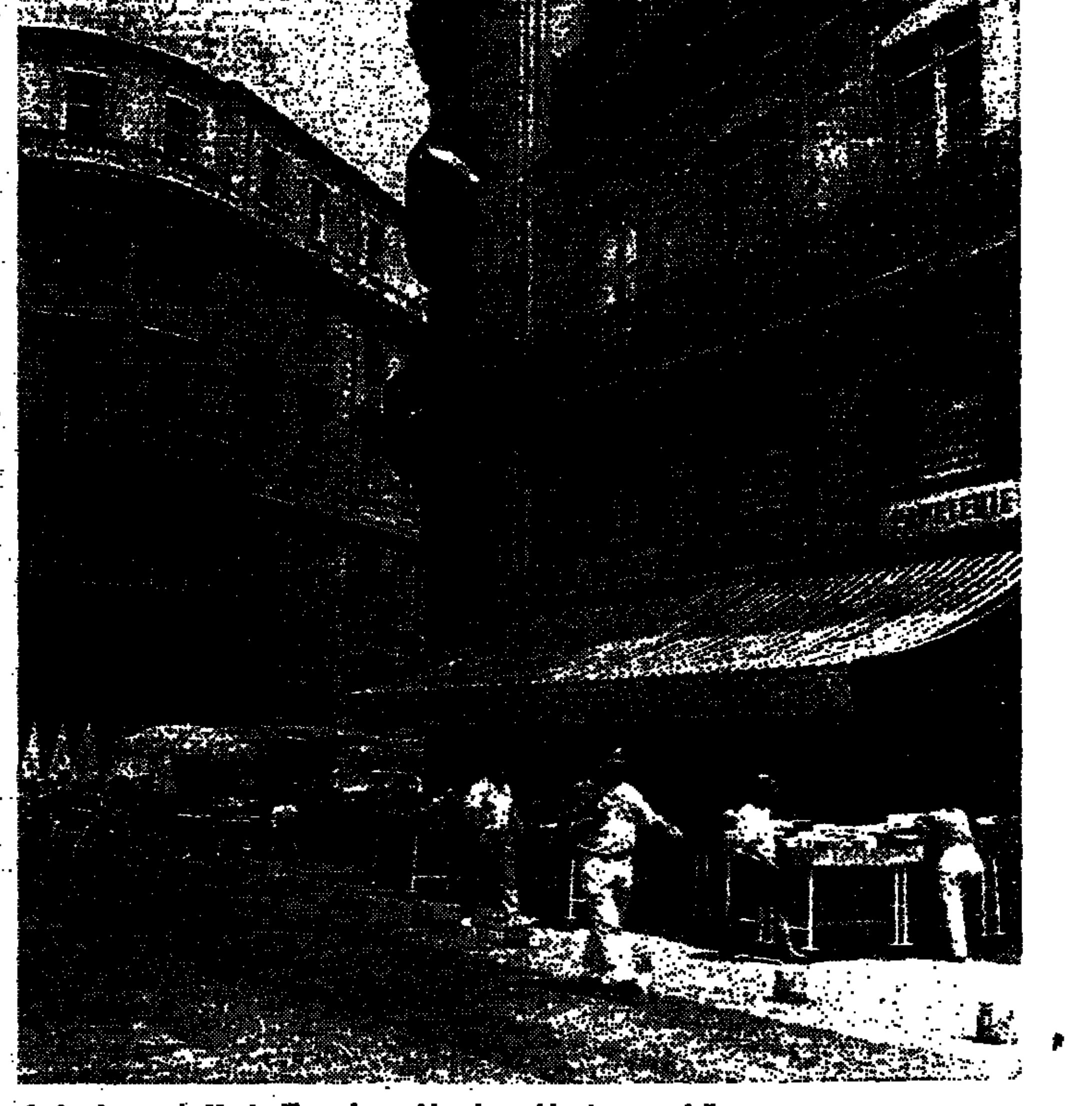
Further north, the upland meadows of a broad plateau gape suddenly where the River Vis has sliced through the rock. In the bottom is Navacelles, a village whose position is best appreciated from the cliff tops. At one time the river, winding through the valley bottom, described a neat horseshoe here, in the centre of which, on a layered mound of solid rock, a small church perches. Then, as rivers do, the Vir went straight on at the first corner, leaving almost a circle carved out of the *hills. The abandoned river bed* contained a rich silt and is now farmed with gusto.

Carefully, taking its time, the road winds down the side of this natural ampitheatre to Navacelles itself. We picnicked by the river where small fish swarmed in their hundreds. *As we* enjoyed our local cheese and a surprisingly smooth *vin ordinaire* we noticed a snake. Not a large reptile, but of a size whose hunger would be satisfied by one or possibly two of the masses of tiddlers. Having spotted one we were soon picking out others until it became apparent that there were a dozen or so, *coiled among the stones or lying still* and idle just below the surface. Although adder-like, they are viperines — relatives of the grass snake.

Later we walked upriver through countryside reminiscent of the Rocky Mountains to discover the Source de Lafoux. The Vis pours out of the rocks in a rapid-bubbling fierce resurgence, a *power once harnessed by a now defunct* mill that was built around and over the cave entrance in its cool green gorge.

This limestone area is well known for its magnificent show caves, but we did not visit one; nor did we go to walled and fortified Carcassonne, nor even the Cevennes. Guided by Michelin, the area immediately around Montpellier provided more than enough attractions. We strayed to the coast on only two occasions: on the first to try the beach and inspect the fading modern resort of La Grande Motte, and on the second to feast on *delicious* fish in a waterfront restaurant at Palavas.

When we left, our evening takeoff from the airport was enhanced by glimpses of pink flamingoes beside the main runway. The only dark moment of the entire week was waiting for us at Gatwick airport where a gang of louts were "mooning" (*taking their trousers down and showing their bottoms*) in a stationary train — a wonderful welcome to Britain for visitors from abroad.



A street scene in Montpellier, where old and new blend successfully

Japan without tears

Barry D Wood samples the bullet train and other bargains

IT WAS nearly dark when we left the bullet train in Okayama and boarded the local for Uno, a ferry port on the Inland Sea 30 miles to the south. An hour later, emerging into darkness and sea air, we stepped on to the deserted single platform at Uno station. *The industrial helter-skelter of the* Tokyo-Osaka-Hiroshima corridor was an eternity away.

None of the three employees inside spoke English but they nodded recognition at the word *ryokan* and sign language for sleep. With embarrassed bows the station manager motioned us to sit and wait, *even though there was a taxi out*side. Retreating behind the ticket counter, he dialed, and conducted a brief conversation. Minutes later a smiling middle-aged woman arrived in a car.

Her hilltop inn, a five-minute drive above the village, comprised four two-room suites and the inn keeper's one-story house next door. Beneath the windows was a lake. There were two tennis courts and, a short walk down the road, a golfing lodge much favoured by city visitors. Our accomodation (for two people), breakfast and a seven-plate dinner served in our room cost Y14,500 ($104).

At $166 (Y140: $1 when I was there), which is less than the cost of a round-trip ticket between Tokyo and Osaka, the seven-day Japan Rail Pass is the best travel bargain Japan has. Available only outside Japan through offices of the Japan National Tourist Organisation, there is a two-week pass for $297 *and a three-week pass for $379. It* permits unlimited first class travel, including bullet trains and most ferries, throughout the country.

The benefits of the Rail Pass begin on arrival at Tokyo's Narita Airport. Instead of taking the $150 taxi or the $35 bus to town, we took the train and paid nothing. It is at the airport, at the JR (Japan Rail) counter just outside baggage claim, that the Rail Pass voucher is exchanged for the date-stamped real thing. JR runs a free shuttle bus to Narita station where there are frequent trains to Tokyo's Ueno station. From there we walked to the subway and the $1.40 journey to Akasaka station, within walking *distance of our hotel.*

It is hard to imagine a better place to be in Tokyo than Akasaka. Fashionable, accessible, walkable to the central business and diplomatic districts, Akaska is also where the big tourist hotels are, costing $200 and more per night. But why stay in those glitzy, over-priced hotels *unless you are on an expense* account? Even when I am not paying the bill, I prefer the less frenetic and much cheaper Mar Road Inn business hotel, just up the street from the Akasaka station on the Chiyoda subway line.

Western style rooms are modest in size but immaculately clean, modern, and with private baths. *Like an American motel,* you pay when you register (plastic accepted), there is no porter, and room service is a vending machine for coffee, beer and soda down the hall. A room with twin beds at the Mar Road costs Y12,600 ($86). Later, upon learning that a double bed room is cheaper, we switched and paid *Y8,600 ($61).*

The *Smile Spoon* restaurant, in the pedestrian street behind the Mar Road Inn, is where you can get a good cup of coffee and watch Japanese yuppies. Ultra modern, with its concocted name in blocked neon letters, the Smile Spoon attracts extravagantly dressed young men and women. On their way to work, *they sit among potted palms at* white laminate tables drinking American-style coffee.

It could be Berkeley or Islington, except that no-one wants to practice their English. I went to five tables before finding a Tokyo University graduate confident enough to assist a visitor in ordering from the Japa*nese language menu.*

A good part of the reason we were able to spend seven days touring Japan and part with well under $50 per person per day was that whenever possible we ate Japanese-style. For the train, do what most Japanese do: buy a gift-wrapped, ribboned lunch box on the platform and take it with you to your seat.

Another money saver is to use subways and buses instead of taxis. We took a taxi only twice and one of those trips, from the Ryoanji Temple in Kyoto, was because we didn't want to miss the next bullet train. We travelled light, each carrying only one bag. Our essential *reading materials* included the English language railway timetable, the *ryokan* guide, and the 20-page *Your Travelling Companion in Japan*, all available from the Japan National Tourist Organisation. We carried one other book, *Baedeker's Japan*, which is filled with useful historical, cultural and travel *information.*

Ryokan — traditional Japanese inns — are not for everyone. And they are not necessarily cheap. But they offer a real insight into Japanese culture and can be a bargain.

En route to Tokyo airport we asked a man on the platform if we were in the right place for the train to Narita. The blue-suited salary man replied without hesitation, in English, that we needed to be upstairs and that the train left in five minutes. We *hurried off* but then wondered whether we were about to get on what everyone else said was the local to Yokahama, almost in the opposite direction.

Just then the now beet-faced salary man appeared, distraught that he had given us bad directions. He was close to tears. It was no big deal, we said, thanking him for coming to tell us. We expressed regret that he had missed his train. He bowed deeply, and handed us his card.

*Works of art that fooled the experts are the subject of Fakes? The Art of Deception which opens on Friday at the British Museum. **Gerald Cadogan** looks at how scientists are detecting the forgeries and **Patricia Morison** previews the exhibition*

Fakes and forgers . . .

Although science finds them out, the battle goes on

IF YOU HAVE a *T'ang fig*urine to sell and want a good price, there is only one question that has to be asked: Is it "alright?"

"Alright" and "good" are museum-speak for genuine, and there is only one sure way to find out: call the scientists in Oxford and wait bravely for the result. An authenticity certificate from the Research Laboratory for Archaeology and the History of Art guarantees you are not selling a fake.

The method, called thermoluminescence (TL) dating, is efficient and accurate and costs about £150. It works on the principle that as a mineral is heated, it emits light. The light represents the release of energy, stored as trapped electrons and acquired by absorbing nuclear radiation over time. The longer the time, the more the radiation and the greater the TL which can be measured. Of over 15,000 pieces tested in Oxford for museums, dealers and auction houses, about 40 per cent were found to be fakes.

These fakes look alright to the eye — the first test — or they would not have been submitted. Usually the would-be T'ang figures have been made in original moulds but are not antique. The moulds were unearthed at the T'ang kilns in China in the early 1900s. Western demand for these new exotic figures was so great that the Chinese found a novel way to meet it and by 1912 they were *mass producing* them.

Oxford certificates carry such weight that modern fakers have been known to pop pieces under X-rays to beef up the radiation. Another ruse, now stopped, was to submit a single potsherd for testing. Found genuine, it would "grow" into a whole vase. So Oxford now insists on taking its own sample (by drilling a small, inconspicuous hole).

An early success of TL was to stem a flow of exciting-looking and very ancient jugs from Turkey. In human shape and painted in bright, shiny colours, and with eyes of obsidian (volcanic glass), they seemed to be 7,000 years old and come from tombs near the Neolithic settlement of Hacilar. Or did they?

TL testing showed most did not. The victims of Hacilar fakes make a distinguished list: the British Museum, the Louvre, the Ashmolean, the Metropolitan and more. But, *says Dr Roger Moorey of the* Ashmolean, at the end of it they are still beautiful things made by very good craftsmen.

This is a typical tale of the fake trade. The fakers spot market trends and fill the need. Money is the main motive but some fakers also want to be noticed, and may use a false signature (Praxiteles, Bosch, Pissarro . . .) to call attention to their work. Fake Etruscan paintings on clay plaques were exposed by pointing to the sources for the pictures copied faithfully from coffee table books of ancient art. And at Hacilar the genuine pots could be the models for the others. The Hacilar fakes were made on site as the clay matched that of the good pieces. Even more *telling*, wealth suddenly arrived to that poor part of Turkey.

To sell their work the fakers flooded the market mingling true and false pieces. This jumble numbs the judgement of collectors and museum curators in their competitive search for the unusual and important. The last such craze was in the 1960s, when gorgeous Persian ram's head gold and silver vessels of 500 BC and bronze horse *fittings from central Asia*, released by the Shah's opening up of Iran, became the latest glories of many a museum. But as more and more appeared, experts began to wonder, and compare them and find that they were all in the same pattern. Metal analysis shows the gold and silver *are too pure to* be ancient and not from the right sources. The microscope reveals modern cutting.

Faking is an old trade, always responding to the demands of the market. The Romans wanted Greek statues and got them. After Darwin, early man was the quest, the closer to an ape the better, and faking ranged from flint tools to Piltdown man, England's best fake.

A skull and a jaw found with flint implements in a Sussex gravel pit from 1908 onwards provided the famous and much *sought-after* missing link between man and apes.

It was a sweet triumph for England, *savoured in 1912 by* Arthur Smith Woodward, Keeper of the Geological Department of the British Museum (Natural History), and Charles Dawson the original "finder," a Sussex solicitor and amateur scientist. Piltdown man immediately supplanted *Germany's Heidelberg Man*, but not everybody was convinced that the ape like jaw, which differed from an ape only by its signs of the wear of human teeth, belonged with the skull. The finding of a second skull in 1915, when the Great War occupied attention, allayed doubt. But new skulls in China, Java and Africa between the wars showed it was hard to fit Piltdown Man into a pattern of evolution.

In 1953 it was discovered that the fluorine in the jaw and skulls were far too little for a date of 500,000 years ago. The jaw was from an orangutan and the teeth stained and filed down and the skulls were human.

A suspected forger has been *the famous French anthropolo*gist Teilhard de Chardin, who in 1913 found a loose eye tooth at Piltdown almost exactly likethat Smith Woodward predicted for Piltdown Man. But he left England before the second skull was found. Another has been Smith Woodward, but he continued to look (in vain) for more bones at Piltdown through the 1930s. The chief suspect is Dawson, and the British Museum exhibition *makes a good circumstantial* case against him. He was in at the start, and is linked to other fakes: "Roman tiles" from Pevensey; a cast iron 19th century Roman statuette from Hastings; and a petrified "toad in the hole."

In the US, the market lay in *the desire for history of the* right sort. The best American forgery is the stone found in 1898 at Kensington, Minnesota. It is carved with Nordic runes and tells of how Christian Vikings were in America in 1362, beating Christopher Columbus by 130 years. The stone's *reputation fell* when Swedish and Norwegian experts said the language was wrong, but by 1948 it was in the Smithsonian in Washington. A year later it was moved to St Paul to celebrate the centenary of Minnesota, a state that is the home of many Scandinavian Americans. It is now out of favour. The language is wrong, the runes are wrong and the finder and probable forger Olof Ohman had, it *seems, taken some of the text* from a Swedish schoolmaster's handbook of 1883.

The "Drake Plate" is more pseudo history. On a brass plaque that he might have left near San Francisco in 1579, Sir Francis annexed what is now California for Queen Elizabeth *as Nova Albion*. It was denounced it when it was found in 1936, but the University of California at Berkeley accepted it as genuine. The verdict came in 1979. Guilty of high zinc content and low lead and tin, it was found to be modern brass, quite unlike the brass of Elizabethan memorials in St John's College chapel, Oxford. Moreover, the average thickness of the metal was exactly that of no.8 gauge *brass of the* American Wire Gauge standard of 1930.

Although science finds them out, the battle does not stop. The fakers read the authenticity literature to get it right next time. Today the flood of fakes from Iran has abated and museums are chary of taking pieces *without a provenance*, but the market is not dead.

"They see us experts being fools and idiots," said Dr Moorey of the Ashmolean. "But when you show a piece to an expert and he says he has never seen anything like it, be warned. That is a courteous code for 'not on your life'."

Gerald Cadogan

Fake!: Madonna of the Veil; the still unidentified forger fused elements from several pictures to create an 'early Botticelli'

and why we love 'em

The 19th century was a blissful time for the faker

THERE IS *something* deeply pleasurable in the notion of faked antiquities and works of art — unless, that is, you happen to have lost your shirt or your reputation on a fake. So with Fake? The Art of Deception (March 9 to September 9), the British Museum deserves to be on to a winner.

Fake? is a dizzying tour of cultures as rendered by the faker's hand, from Maori to Mughal. Some of the fakes are screamingly obvious but many more, such as 16th century copies of Dürer prints, will *fool* even an experienced eye. And in the case of the enigmatic Vinland Map, the betting remains wide open.

The BM's departments have supplied three-quarters of the exhibition's 600 objects, curatorial banana-skins from two and a half centuries of collecting. Part of the show's fascination lies in works of art apparently of the highest art-historical significance, which fooled leading experts of the day. There is no *better proof* than the career of this century's most notorious faker, Van Meegeren.

In the 1930s and 1940s, this Dutch restorer-turned-faker had the happy idea of extending the imprecise contours of Vermeer's oeuvre. He produced pictures with a varnish which, baked in an oven, gave the admired Vermeeresque pearly sheen. Today we gawp at his Christ and the Adulteress of 1942, amazed that it fooled anyone for a *minute*. Yet Hermann Goering, who bought it, was only one of a galaxy of victims.

The majority of the fakes in existence were made in the 19th century. It was a blissful time for the faker. The market was omnivorous and insatiable, artisans still had the necessary traditional skills, and no-one was imprisoned if they were caught. Because the scientific analysis of techniques and materials was in its infancy, adept fakers did nicely.

Today, strides in scientific analysis have put problems of authenticity on an entirely different footing. In 1961 the BM's previous exhibition of fakes paid scant attention even to the scientific techniques then in use. This time round, Fake? pays handsome tribute to the scientific departments at the BM and the National Gallery.

Dendrochronology can, in ideal circumstances, reveal in what year the wood used in a Renaissance panel-painting was felled. Knowledge of how individual painters worked is growing impressively. The Rembrandt Research Project has a mass of data, even down to the numbers of threads in canvas Rembrandt bought. Lead isotope ratios are beginning to be used *on paintings* to see whether pigments contain American and therefore post-16th Century lead.

So does that mean we are out of the wood? By no means. One of the exhibition's underlying questions is whether we can be so much more confident of seeing and buying the Real Thing than our Victorian forbears. The answer can only be a qualified yes, for as experts at both the scientific and the scholarly end of the spectrum admit, there remains a large, ineradicable margin of error.

Gothic ivories make the point. Collectors of the last century had a passion for these dainty late-medieval pieces. Such a quantity of fake medieval ivories were produced that *collectors have still not recov*ered their nerve. The bogus ivories in Fake? are reasonably obvious, at least to an expert. Yet even Neil Stratford at the BM can be puzzled by small, uninspired pieces. Are they the work of an inept medieval apprentice, or an inept faker? Scientific progress has cracked the problem, at least in theory. Small-sample Carbon-14 dating could be used to weed out every fake medieval ivory but *tests are costly. It remains* the case that there is no substitute for "knowledge, an eye, and faith."

Collecting medieval manuscripts is a safer bet since according to Christopher de Hamel at Sotheby's, most faking today is simply "tinkering," adding *an inscription* or two. The best-known manuscript faker was the so-called Spanish Forger of the last century. Actually a Frenchman, this unidentified forger was active; De Hamel is brought roughly three of his illuminated pages a year. They fetch around £500, a rare case of a faker who is now a collector's item. Again, once you have seen a *few*, the 19th century romanticised vision of the middle ages is a give-away. There are too many unicorns — and the *forger* had a weakness for giving the ladies cleavages.

Yet it is salutary to realise that he was only unmasked 30 years ago. Faking is not going *to die out, even if progress* is being made in weeding out fakers and imitators of past centuries. Scientific progress in detecting fake works of art must also mean progress in escaping detection.

At the prestigious Hamilton Kerr Institute at the University of Cambridge, postgraduates learn the latest methods in the conservation of paintings. Copying is part of their course. Could today's conservation students be tomorrow's master fakers? Alan Phenix tutor at the Institute, agrees it is a possibility. His students would never make the mistake of the Botticelli faker in the exhibition, who used Prussian blue for the Madonna's cloak instead of the authentic lapis *lazuli* (pictured left). And they would avoid making her look like a '20s film star, which tipped off the young Kenneth Clark.

Fakers will remain in every area of the art market, at every level of competence. Many, like the late Tom Keating, do not *bother about authentic materi*als. A faker generally is only detected once he has put a great deal onto the market, as in Keating's case with his Samuel Palmers.

At Sotheby's Old Master painting and drawing department, Julien Stock has drawersful of recently faked drawings, the work of a brilliant draughtsman. Stock has learnt to recognise many recent fakers' mannerisms, the shape of the eye that shows an artist trained at the Slade in the '40s. But he emphasises how hard it is to tell a forgery done in our own day. One aspect of Fake? is to remind us that we like someone to be able to say, this is the Real Thing.

A hundred museum curators have contributed to *the exhibi*tion; no doubt all of them would admit they are fallible. But it is this country's high level of curatorial expertise, the presence of healthy numbers of highly-trained scholars which finally makes Fake? not only a provocative but a reassuring experience.

Patricia Morrison

Leonard, Virginia — and Pinka the dog (left) with confidant Lytton Strachey

Before and after Virginia

***Anthony Curtis** reviews the letters of Leonard Woolf*

BEFORE HE died in 1969, Leonard Woolf published five volumes of autobiography. In addition we have the glimpses of him through the eyes of his wife in her published letters and diaries, not to mention those in many other volumes of memoirs by their contemporaries. This hefty volume of his letters is nonetheless indispensable to the full understanding of an individual of the most fascinating complexity, important not just because he was Virginia's husband, but for all that he achieved and stood for in the years before and after his marriage.

However honest a writer may be in print, his private voice has a quite different inflection from his public voice. There is much here that elucidates matters which are dealt with in the memoirs but about which one wants to know more. The period in 1913 of VW's breakdown so soon after their marriage, for instance; which doctors were consulted, and what exactly did they recommend? We can now observe this desperate time in detail from Leonard's viewpoint, by reading the letters that passed to and from Harley Street. We can see the sometimes conflicting advice he received, and the action he took in the deepening crisis.

Or, in the earlier period before the marriage, when Leonard was in Ceylon, we can experience as it happened the sequence of events that led to his courtship of Virginia, and the curious role as confidant to both parties played by Lytton Strachey. It was Strachey who, in a moment of exuberance, first proposed marriage to Virginia, and then almost immediately retracted the proposal. Leonard seems to have been enamoured, in a distant, across-the-board sort of way, by *both* Stephen sisters. It was only when Clive Bell married Vanessa — we read the letter announcing that bombshell — that he was forced to concentrate his mind upon Virginia. It all came to a head when he returned to London on leave in 1912. He was due back in Ceylon in a few weeks but, by now deeply in love, he could think of nothing but the courting of Virginia. He wrote to the Under Secretary of State for the Colonies: "Dear Sir, With reference to your letter number 12288/1912 of 23 April I have the honour to report that, as I am unable to assume duties on May 20th, I regret that I must resign my post under the Ceylon Government from that date. I am Sir, Your obedient servant, L S Woolf."

LETTERS OF LEONARD WOOLF
edited by Frederic Spotts
Weidenfeld & Nicolson £30, 616 pages

The young man's rise through the service in six years had been so meteoric he seemed destined to reach the top; the letters from Ceylon, many of them to Lytton, give a vivid account of his state of mind there and all the problems confronting him as he journeyed around by bullock-cart. With his middle-class London Jewish background, Leonard was a somewhat unlikely person to be shouldering the white man's burden in this Kiplingesque manner. You might have expected that, after St. Paul's and Trinity, Cambridge, he would have gone like his father to the Bar or like his uncles into the Stock Exchange. It was Cambridge, where Leonard met E M Forster, Thoby Stephen (Virginia's brother) and Lytton Strachey, and where he became a member of the Apostles, that changed everything.

The volume has been edited by Frederic Spott, a retired American diplomat, so as to make it easy to find one's way around. It is a selected collection, providing a fair spread of letters from each period. The letters relating to life with Virginia are separated from the rest. This section ends with the letters Leonard wrote to Vita Sackville-West, and Dawson, editor of *The Times*, in 1940, informing them of her presumed suicide and the discovery of the body in the river some days later.

Then we go back in time to Leonard's career after Ceylon. We see him as a novelist himself; his second novel caused his family great offence. Next he is writing to Eliot and becoming his publisher. The Hogarth Press grows rapidly from being a therapeutic hobby for the Woolfs into a leading cultural imprint. Leonard decides to publish the works of Freud after they have been turned down by other publishers. There is a rapid succession of young men as assistants ending with John Lehmann with whom he quarrels violently.

Leonard becomes literary editor of the *Nation* and we watch him recruiting bright young men like Raymond Mortimer, George Rylands and Richard Aldington, as reviewers. He fights hard for more space for the book reviews. *Plus ça change!*

Another leap back in time in the next section enables the reader to trace his lifelong involvement in politics, as a member of innumerable Fabian and Labour Party committees, notably those connected with foreign affairs. Finally there is the Grand Old Man of Rodmell, still actively keeping an eye on the Hogarth Press, now part of Chatto and Windus.

By the 1950s much of Leonard's time was occupied in answering letters from scholars about Virginia. When he is not doing that he is involved in local affairs on the horticultural front, above all, like a true Voltairean, in cultivating his own garden. His emotional needs were satisfied by his great romantic friendship with Trekkie, his neighbour in Sussex and the wife of his publishing colleague, Ian Parsons. The letters to her are some of the best in the book.

Whether he is giving Trekkie a boost of confidence for her painting, arguing with Angus Wilson about the merits of Virginia's novels, crossing swords with Kingsley Martin about the *New Statesman*'s current stance, or defending himself against attack by a member of his own family, Leonard is a model letter-writer. In the most courteous way he puts his case with a Socratic force that makes it almost impossible to answer. He may have been an obstinate, intransigent man in many respects but as these letters reveal he was also a thoroughly civilised one. They have been edited with a rigour and thoroughness which he would surely have appreciated.

Climb that stair, eat that bitter bread

***Erik de Mauny** reviews a book enriched by the personal testimonies of Russian émigrés*

THE EXPERIENCE of exile is not limited to any one nation or period. From Biblical times many generations have known what it means "to climb that stair/ and eat that bitter bread," and the Russian Experience is not intrinsically different from any others. What differentiates it in this century is the vast scale on which it has taken place. By drawing on personal testimonies *The Other Russia* throws valuable light on the phenomenon of displacement, and its complex material, psychological, physical and spiritual consequences.

In Czarist times, the Russian word *ssylka* normally meant internal exile in the eastern wastes of Siberia, although for a favoured few, including Lenin in Zurich, it could also mean exile abroad. It was the 1917 revolution that unleashed the first great wave of emigration to the west, consisting mainly of the gentry and the educated classes, the so called "former people;" this was followed by a second wave after the last war and then by a third wave, largely of Soviet Jews, which is still going on.

By interviewing scores of these exiles Michael Glenny and Norman Stone have produce a fascinating oral history, which is all the more striking for the artless manner in which so many of their experiences are revealed. Not all of those who departed in the first wave, evacuated by British warships from the Crimea or making their way to the west via Constantinople or the Balkans, were of exalted status. Some of course were, such as the Dowager Empress Maira Fyodorovna, whose tribulations are recounted here by Countess Kleinmichel, one of her ladies in waiting, and others were members of old Russian families with names like Golitsyn, Meshchersky, Volkov, Trubetskoy. In later years there were increasing numbers of writers, intellectuals and academicians, such as Slava Kurilov, a well known oceanographer, who jumped ship in the Philippines in 1975, and whose dramatic account of his long swim to freedom opens this collection.

THE OTHER RUSSIA: THE EXPERIENCE OF EXILE
by Michael Glenny and Norman Stone
Faber & Faber £14.99, 475 pages

It is full of hairbreadth escapes. Some of the most harrowing stories are those of Jews fleeing from the pogroms; the accounts Esther Smarkish gives of her childhood experience in Ekaterinoslav provides an especially vivid example. In all these episodes fear was ever-present, not only for oneself but for one's family who could be kept back and treated as hostages. The tentacular nature of that fear is well illustrated in the memoirs of Pyotr Shilovsky, a former Czarist Provincial Governor, who arrived with his wife in London in 1922: ". . . nobody who had previously belonged to the old Russia could be sure of his life and well being . . . a careless word spoken in the street might give rise to a denunciation, arrest and imprisonment, a sharp knock at the door meant a visit by the Cheka and caused those within to tremble." Before he left Russia, Shilovsky had to sign an assurance that he would maintain a "correct attitude" towards the Soviet regime when abroad; he had two brothers still on Soviet territory.

Most of those who reached the West clung fiercely to their Russian language and culture, although as their children grew up and married non-Russians that inheritance was gradually diluted. Meanwhile, fame offered no guarantee of material well-being in their adopted new homelands. Ivan Burnin was the first Russian winner of the Nobel Prize for Literature, but when I visited him and his wife in Paris not long after the last war I found them living in considerable poverty in an attic flat. Years later, working as a correspondent in Moscow, I saw the departures of many Russians friends into exile; and anyone who has had close acquaintance with Russian émigré circles will feel stabs of amused or pained recognition at many of the short narratives in this collection. I only wish there were more, and that one could have had the impressions of life in the west of writers like Maximov and Voinovich. But this is, indeed, only a sampling, and perhaps they will be included in a later volume.

An American litany of literary binges

PUBLIC OPINION about alcohol has oscillated regularly between disapproval and rapture. At the moment we are supposed to disapprove and alcohol has in recent years been under *sustained* attack both for its effects on individual health and on society as a whole. One of the few arguments left to those prepared to defend a substance still ingested (and presumably enjoyed) by the vast majority of western adults, has been that so many of the world's great artists, writers in particular, were heavy drinkers. Here Tom Dardis sets out to demolish this argument, and succeeds.

In his truly revolting warts-only portraits of Faulkner, Fitzgerald, Hemingway and O'Neill, Dardis effectively demonstrates that the muse is soluble in alcohol — although he does not explore the extent to which its disinhibiting effects may have encouraged creativity in the first place. Faulkner's braincells put up a particularly impressive fight against the predations of ethyl alcohol, but Dardis demonstrates that these writers produced their best work before alcohol took *over their lives completely or*, in the case of O'Neill, after he realised that, if he could give it up, his own and his family's addictions would provide him with some first-rate raw material.

To be convinced by the thesis the reader has to endure descriptions of behaviour that would be unacceptable in illiterate pygmies, let alone literary giants. That the book is an assemblage of the more conventionally sordid aspects of alcohol dependency is evinced by one of several enthusiastic endorsements of the original American book proudly reprinted on the cover of this new British version, from the influential Booklist: "Reading this sad litany of binges, blackouts, domestic violence, DTs, convulsions, electroshock treatments, cirrhosis and suicide, one realises that it was a miracle these men could write at all. Highly recommended."

Highly recommended? To Europeans this enthusiasm may seem a curious reaction to such depressing detail, but many Americans have clearly found something reassuring, even bracing, about this confirmation that alcohol dependency can be humiliating, degrading — and has robbed us of what might have been the greater, later works of Faulkner, Fitzgerald and Hemingway to boot.

THE THIRSTY MUSE
by Tom Dardis
Abacus £3.99, 304 pages

Attitudes to alcohol are and always have been very different on either side of the Atlantic, which is probably why its toll on American literature was greater than on English literature, as Dardis points out. Middle America, where many counties are still "dry" and the law forbids anyone under 21 to touch a drop, alcohol seems much more *dangerous*, and therefore exciting, than to Middle England. One of the more obvious manifestations of this difference was the "noble experiment" of Prohibition between 1918 and 1933 which drove Mid West farmhands to drink fermented silage and, as this book hints, the literary establishment to drink simply because it was forbidden.

Hemingway's pro-intoxication prose is certainly almost persuasive enough to move even the reader of *The Thirsty Muse* to drink, but it is his boast that "good writers are drinking writers" that is repeated throughout the book as though it could have served as prime motivation. Presumably many other factors persuaded all these writers to take so determinedly and extremely to the bottle and the book might have been even meatier with a bit more analysis and a little less physical detail. Was it significant, for instance, that so few of the 28 alcoholic 20th-century American-born writers with which Dardis begins the book were Jewish and brought up to encounter wine at least in the home? Was it only those born around the turn of the century who were at risk? Why not other drugs? Is Hunter Thompson and his ilk their natural successor?

Dardis fits his thesis to current American thinking, dominated by Alcoholics Anonymous theory, that alcoholism is a disease, which has a strong genetic element. Although he does not, as his British publisher puts it, "use much alcohol himself," Dardis has been admirably scrupulous in avoiding value judgments, merely charting each subject's decline. But the unsubstantiated generalisations from AA theory with which he peppers his prose ("alcoholics worry about what people are thinking about them") would presumably jar with the many working in alcohol studies outside America who do not accept the disease theory of alcoholism.

This is a worthy, fascinating if probably unwelcome book that does nothing to diminish the value of its subjects' achievements. It is difficult, however, to suppress the thought that someone, somewhere, must be working up a thesis on the correlation between cholesterol levels and literary output.

Jancis Robinson

Fiction

Tales of fishermen, misfits and poisoners

DICK PIERCE is a "swamp Yankee," a tight-lipped, gloomy fisherman struggling to preserve his integrity. Still bitter about the land his grandfather and father sold, now the province of rich holiday-makers, he puts all his money and time into building his own fishing boat so he can be free from the uncertainties and shame of working for others. But he finds the boat only becomes a reality after he has yielded part of his independence to his mistress, his wife, his sons.

The most compelling character in John Casey's *Spartina* is the Rhode Island landscape — the salt marshes, the creeks, the moody sea. Dick's awakening comes as he is out in his boat battling a hurricane; he is a proud man and the elements show him the limits of his power. The novel ends on a happy note; Dick's marriage may go through a difficult passage but it will endure, his sons may not follow him out to sea but neither will they be tainted by his bitterness, and Dick himself may learn to show some generosity in love.

Casey writes with such conviction about the fisherman's life that we come away with respect for the skill and courage of those who, like the Spartina grasses, survive in the inhospitable salt waters. Though the language of fishing is at first daunting, Casey's close, even passionate attention to detail will draw the most land-loving reader into the novel, and fortunately Dick's rather sententious talk gives way to more thoughtful writing. Casey has some interesting things to say about class distinctions and those who have at least temporarily lost their faith in the American dream. *Spartina* won America's first prize for fiction, the National Book Award. It seems a safe choice. Casey doesn't take chances with plot or character but, within the boundaries of traditional realistic fiction, the novel does succeed as both a sea yarn and the story of one man's revelation.

Simon Louvish knows no fictional boundaries. The latest in his Avram Blok novels is a manic, lewd, hilarious journey through London, New York, Los Angeles and Israel during the 1980s, the decade of despair. The hero, a disenchanted Israeli and ex-mental patient, is in self-exile from his "homeland," more a state of mind than a place. He witnesses all the terrible and absurd events of his time, from the protests at a nuclear missile base in Britain and an atomic explosion in the American desert, to the mass suicide of a religious sect in California.

SPARTINA
by John Casey
The Bodley Head £12.95, 375 pages

THE LAST TRUMP OF AVRAM BLOK
by Simon Louvish
Collins £12.95, 351 pages

THE WIMBLEDON POISONER
by Nigel Williams
Faber & Faber £12.99, 307 pages

Yet he retains his now revolutionary values of justice and compassion, his faith that the meek, the poor and the deranged will *inherit the earth*.

Avram may be a passive misfit but his creator and mentor writes with mad energy and bravado, his language an assault on the complacent reader. Louvish is both a fabulist and a compulsive list-maker, piling detail upon detail until we cannot fail to make the right connections: so in *The Last Trump of Avram Blok*, he shows us the detritus of the "good life" in London, circa 1983, lists the settings of crucifixions past and present. And if the frenetic syntax, the quick scene changes make our heads whirl, well, that is Louvish's intention.

Nigel Williams's *The Wimbledon Poisoner* seems at first a more subtle sort of comedy. Henry leads a life of quiet desperation in Wimbledon. He is a dull little man, a true denizen of his white, middle-aged, middle-class suburban street. But he does have an obsession: he wants to poison his wife. When she declines to eat the deadly food he has prepared, other people fall victim and soon Wimbledon becomes known as the haunt of a poisoner. Businessmen go off their lunch, policeman lurk in the supermarket and the national press takes up residence in the suburb. *But no one except* the sinister Detective Rush suspects Henry, a respectable solicitor and family man, of being a serial murderer.

There are some very funny scenes early on in this light comedy of suburban manners — Henry's first attempt at poisoning his wife, his crazy speech at the funeral of one of his victims — and some witty observations on the prejudices and neuroses of the middle class. But when Williams looks beneath these caricatures, he doesn't convince us that Henry or his overbearing wife are made of real flesh and blood, or that something seriously evil is happening in Wimbledon.

Wendy Brandmark

Irish poet in search of his roots

IF, LIKE me, you are a third generation Englishman with profound Irish roots, a book in which a poet describes the process of finding out how Irish he is will strike a sympathetic chord. Like Kavanagh, at school I too was "a wild Irishman who had never been to Ireland, a Roman Catholic in a Protestant country." In Ireland, Kavanagh feels self conscious in his English tweeds, not quite able to assume the full burden of Irish history, yet at the same time unable to claim a part in the legacy of Crécy and Agincourt. Again, I'd go along with that.

Kavanagh likes the Irish, above all for their sincere lack of class-consciousness which is so refreshing after England. He might have added that they are similarly lacking in age consciousness, which also comes as a surprise. As a poet he warms to a people who make a distinction between string and twine.

In 1841, P.J.Kavanagh's great grandfather (another Patrick) left Carlow for Van Diemen's Land (modern Tasmania) as a "free settler." At that time the island was, after Norfolk Island, the most gruesome penal colony in the British Empire. Arriving to retrace his ancestor's footsteps, Kavanagh finds a peaceful, law-abiding people, many of whom are descended from convicts. In lonely pubs he sees convict physiognomies. Moved by the story of the settlement, he visits the eery Port Arthur. Researching in the archives of Launceston and Hobart he finds the people obsessed with genealogy, determined to know the truth. In Hobart entry to the records has now been restricted: too many people have been caught tinkering with their family histories.

FINDING CONNECTIONS
by P J Kavanagh
Hutchinson £14.95, 216 pages

When he gets to Hobart, acquaintance with Jeffrey Bernard smooths his path. Through a local historian he is able to put a little flesh on the records' bare bones (as a veteran of the Etat Civil of French departmental archives, my heart goes out to him). In the end he is made aware that oral family history is a collage of lies.

Finding Connections is also a travel book. Here again the poet's eye wanders among the eucalyptus. He reacts to birds and animals, dead and alive: in Tasmania the sheep are the colour of kangaroos, in New Zealand they are perfect pictures from Romney. He observes that the Australians lack a sense of irony. He finds Englishmen in unlikely places.

New Zealand comes as a surprise. Kavanagh expects a "quiet, uneventful place, covered in sheep." Instead he discovers a racial hot-pot brimming with Tongans and Samoans. He visits a local priest who is under pressure to say the "*distilled poetry*" of the Mass in Samoan. Locating his cousins at last, he is saddened to find underdogs become top-dogs, who will, with time, cede their places to the islanders. His father's Marist school has become the "8 Litre Bottle Shop." His meditations in an Auckland pub are disturbed by a drunken, Tongan pimp.

This delicate book gives the reader plenty to reflect on: the Irish in the face of authority, the Irish and the Church, how much the English benefit from a drop of the Irish. Oliver St. John Gogarty despised England for the absence of village idiots. As Kavanagh puts it "If only we could mingle, and draw what's best from each: the Irish would be less emotionally inventive, the English more receptive." I think I'd go along with that too.

Giles MacDonogh

Drama with a song

The National Theatre has reached a turning point in its financial history, says Antony Thorncroft

WHAT'S THE matter with the Royal National Theatre?

There is its main rival, the Royal Shakespeare Company, confronting a deficit fast approaching £3m by closing down its London base at the Barbican for four months from November while another comparable arts institution, the Royal Opera House, Covent Garden, is cutting back on its educational programme as it, too, wrestles with a £3m shortfall. Arts companies, from the Leicester Haymarket to the Liverpool Playhouse, face financial ruin.

Yet the National Theatre motors on in peace and quiet. How different from the days when the director, a beleaguered Sir Peter Hall, harangued the Prime Minister about arts funding perched on a coffee table. What a tribute to bipartite rule.

For Hall was replaced by a duopoly, Richard Eyre concentrating on the artistic side while David Aukin kept an eye on the books. And it seems to be working. The National Theatre will end this financial year with a meagre £300,000 deficit on a turnover of £20m, and tonight previews start at the Lyttelton of a Sondheim musical, *Sunday in the Park with George*, which marks a transformation in the way the theatre operates and which could change its financial prospects for good.

For *Sunday in the Park...* makes a nonsense of the National Theatre's traditional repertory system. It is being given a three month straight run, and if bookings continue as they have started it should bring in over £1m in revenue. It is costing a modest £275,000, plus extra for the music, yet it is still the most expensive production mounted at the National, although not by much — a major Shakespeare costs around £250,000. The action is so built into the Lyttelton stage that it will be unable to transfer to the West End, but if it proves a success it will doubtless filter back into the repertoire.

Sunday in the Park with George was planned last year when the National seemed to be facing its financial crisis. Box office revenue had slumped from the targeted 80 per cent of capacity to under 70 per cent, partly owing to the hot summer but mainly because Eyre and Aukin had misjudged the popular appeal of their successes. *Hedda Gabler*, for example, had received good reviews and was attracting large audiences. The planned 60 performances were increased to 80, but there just was not the audience to justify the expansion. It was the same with the sombre musical *Ghetto*. A £750,000 deficit was on the cards.

Bringing in a musical, with its higher seat prices, was a justifiable risk to boost revenue. Giving it a cost-saving uninterrupted run risked offending the diehards wedded to the repertory system, but making it a Sondheim musical about the Pointillist artist Georges Seurat diminished the cheap criticism that the National was selling out its principles with mindless entertainment.

But then, with one of those unexpected twists which makes running a theatre such a terrifyingly unpredictable business, Lord Olivier died and the planned production of *Celestina* starring his wife Joan Plowright was cancelled. To plug the gap the National brought in Steven Berkoff's *Salomé* while Ian McKellen put together a new production of *Bent*. Both proved outstanding successes and achieved audiences of well over 80 per cent; both have transferred to the West End, bringing in unanticipated revenue to the National. It budgets for an annual profit from transfers of £200,000, modest compared with the £1m that the RSC receives from *Les Misérables* alone but eminently achievable.

The RNT is not forsaking the repertory system at the Lyttelton for good. When *Sunday in the Park...* finishes Ian McKellen's company brings in two heavyweight Shakespeares, *King Lear* and *Richard III*. The problems last summer showed that in a theatre committed to serious drama the audience is limited and spreading the repertoire too thinly can quickly lead to box office seepage. And without the repertory system the National could never consider presenting risks like *Ghetto*. In the future the Olivier stage will continue to present an alternating choice while the Lyttelton will hover between long runs and repertory.

The RNT relies on subsidy from the Arts Council for just over 40 per cent of its revenue, as against around 30 per cent funding at the RSC, and a generous 11 per cent uplift, to almost £9m for 1990-91 has under-pinned its financial fortunes. Although wedded to state aid the RNT seems quite prepared to take a more commercial stance. It has substantially increased its revenue from corporate patronage and from sponsorship, with Guinness putting up £250,000 for its forthcoming European tour; it will abandon the repertory system if the box office demands; it has even got round to reducing its acting force, from around 200 five years ago to just over a hundred now, even if that means they have to work harder.

Above all, Eyre and Aukin have lowered the stridency. They have accepted that the one thing the current Government hates above all else is whingeing from the subsidised arts. Adding the "Royal" to its name, if mainly to improve its appeal to sponsors, may be seen as the turning point in its financial history. So far the artistic work has not suffered, but maintaining its recent level of critical success will be the hardest task for the Management. The reviews for *Sunday in the Park with George* could be crucial.

Video

Bully for the letterbox

PICTURE ME stuck to my chair in a state of shock. There was Barry Norman on television, tut-tutting at the brave new video trend for issuing wide-screen films in "letterbox" format. And there was I struggling for speech and breath, astonished by the man's endorsement of the bad old "full screen" ways.

Yes, this chestnut has come back to haunt us. Let me explain for the unfamiliar. When a wide-screen film is shown on TV or prepared for video, it is usually "panned and scanned" so that you see only half the original frame at any time. Reason: wide-screen ratio is 2.3: 1, TV screen ratio is 1.3: 1. Once in a blue moon, but seldom more, some blessed TV network or video company has the courage to present a film with width intact and black strips at top and bottom.

Barry Norman showed a sequence from CBS/Fox's forthcoming video re-issue of *Cleopatra* to make his point. But I rather thought it made mine. Version one (panned and scanned): high-angle shot of litter-born *Liz Taylor* jogging through triumphal city above heads of mile-long line of slaves. Version two (letterbox): long shot in which we suddenly see breadth of whole city and, in budget-doubling splendour, *two* lines of slaves.

The anti-letterbox lobby cannot bear to be denied a filled-up TV frame. But is hacking in half a film-maker's composition the price we should pay to avoid a couple of harmless black spaces at top and bottom of screen? Imagine the outrage if the principle were extended to other arts. Why not a "full screen" version of Leonardo's The Last Supper? After all, we would only lose six disciples, a couple of waiters and the compositional dynamic of the whole painting.

Here endeth the harangue, and let us pass swiftly, brightly on to this month's videos. All the notable new releases begin with the letter "D," a fact whose astro-metaphysical significance I am working on even as we speak. They are:

Distant Voices, Still Lives (Virgin). Terence Davis's searingly original autobiographical film, which won every prize worth winning two years ago. (This category excludes, of course, the Oscars and BAFTA awards; at least until their judges show some dependable year-on-year taste.) In postwar Liverpool, Mum, Dad, two daughters and a son fight, laugh, glower, cry, sing and grow up. The soundtrack keens with popular song and brittle, poignant dialogue. The camera performs some of the most magical movements since *Citizen Kane*.

Desert Bloom (RCA/Columbia). More growing-up, this time in 1950s Nevada. Young girl (Annabeth Gish) romps through small-town childhood, surrounded by weird parents, glamourpuss aunt (Ellen Barkin of *Sea Of Love)* and the thrill of a day out watching the A-bomb tests. Directed for human comedy and scything ironies by Eugene Corr, the film gives a whole new meaning to the phrase "nuclear family."

Dirty Rotten Scoundrels (Virgin). Michael Caine and Steve Martin, suave and manic respectively, as Cote d'Azur con men. A comedy that trundles through too many repetitions on the same theme; but on video you can savour the best bits and whizz through the rest.

Dead Poet's Society (Touchstone). High Oscar hopes for this Robin Williams vehicle about a renegade teacher who first sows fun and enlightenment and later — cue change of mood and lighting — inadvertent destruction.

Elsewhere, as befits the month of the March hare, all is vibrant-whiskered eccentricity. Bruce Robinson's *How To Get Ahead In Advertising* (CBS/Fox) invites sardonic chortles for its tale of a yuppie ad-man and a talking boil (sic). *Lethal Weapon 2* (Warners) continues the money-spinning adventures of volatile cop Mel Gibson ("Have nervous giggle, will poke suspect in eyes"). And the prize for the month's most mind-boggling title goes to *Friday the 13th Part 8: Jason Takes Manhattan* (CIC). No, take the cassette away. I do not want to spoil my bogglement by knowing any more.

Nigel Andrews

Witty social observer

William Packer reviews some current London exhibitions

WE ARE perversely prodigal with our talent, bemoaning its absence in the very act of its neglect. John Copley, whose etchings and lithographs are now at Agnew's (43 Old Bond Street W1, in association with Gordon Cooke: until March 16), died in 1950 at the age of 75. He enjoyed a certain standing within the art world itself, but even then, it would seem, more for a temporary success in reinvigorating the Royal Society of British Artists during his chairmanship than for his own work, which he had not shown for some years. Since then he has been almost entirely forgotten, but for the odd proof held by the specialist dealers. So he would have remained had not a member of the family diffidently come forward. The upshot is this small show, which covers the full period and scope of Copley's work as a printmaker, from lithographs of around 1909 to the last etchings.

He was a distinguished and distinctive draughtsman and a witty and subtle social observer, taking his subject from the life about him in cafes and ballrooms, buses and trains, shops, pubs and theatres, on racecourses and tennis courts. To the earlier lithographs especially there is a touch of Daumier, perhaps, and the 19th century social illustrators in general, but with nothing of their satirical or social edge. But even more does his work recall that of his American contemporaries, from George Bellows to Reginald Marsh and Isobel Bishop, who were working not only in the same media but uncannily with the same subjects and imagery.

The line is nervous, delicate, wonderfully rich and varied in its weight and texture, the etchings especially so with their rapid notation and cross-hatchings. Many of the most beautiful images are the most straight-forward, none more so than one or two of the portrait studies. One of the last of his etchings, "The Pink Vase" of 1949, gives us the artist looking intently over and beyond his ostensible subject, his flowers and pot, deep into his own eyes and into himself. It is fanciful to read too much of psychology into such an image, but it is haunting and poignant nonetheless, as any fine and true self-portrait is bound to be.

★

The story goes that Dick Lee's daughter came upon a small painting of his on show in a dealer's window not a million miles away in Bond Street. Enquiring after it, she was told that the artist was dead and not much known about him, but the picture much admired. Far from defunct, her father is as active and ever and two years on from his last success, again filling Cadogan Contemporary (108 Draycott Avenue SW3: until March 17) with his Norman, East Anglian and Tuscan landscapes.

Now in his late sixties, Lee has been showing with reasonable regularity since 1970 but, that said, is still hardly known beyond a coterie of discriminating supporters. His galleries have hardly been of the grandest or most central and, like so many artists similarly placed, he was always constrained to rely on teaching as a practical career, in his case at Camberwell School of Art. Indeed, for a while he seemed more likely to become better known for the wonderfully inventive and surreal assemblages he would contrive to announce special events and lectures at the school than for his painting proper.

He is quite simply as fine a landscape painter as any working now in this country, fresh and direct in his approach to the smaller studies, commendably ambitious on the larger scale, which is sometimes very large. And always, large or small, for all the lightness of his touch and the freedom of his handling of the paint across the surface of the canvas, the organisation of the work, in its pictorial spaces, structures and perspectives, is of a monumental, classical simplicity and soundness.

★

At Max Rutherston (2nd floor, 180 New Bond Street W1: until March 16), is a small show of the work of William Rothenstein (1872-1945), sometime Principal of the Royal College, where he was the early protector of Henry Moore, and in his time very much a figure of the British art establishment, with the entrée to the art life of Paris and London in those most sociable decades before the First World War. In the process his own work was squeezed out somewhat by his other commitments, and to come upon it at all, let alone as here in some quantity, is to be both delighted and surprised. While it would be wrong to overstate his case, he was always a fine portrait painter, and always interesting in the landscapes.

'Through the olive trees,' 1949: an etching by John Copley

New York saleroom

Big shot alternatives

THE SALE catalogue of a recent auction in New York's Tepper Galleries described Lot 125 as a "Carton of Assorted Framed Graphics:" Lots 119 to 124 were exactly the same. It turned out that what was being sold was someone's Corporate Collection — or part of it: large, mainly abstract, works on paper, limited edition prints signed by artists who have already sunk into oblivion, and all dating from the 1970s. The cartons contained as many as ten pictures each and they sold for $300 a box.

Over at another auction house the same week, works which to an amateur might appear almost identical were fetching as much as $150,000 apiece; but these were by David Hockney and the sale was taking place at Christie's. Such is the spectrum of the New York art auction market.

Christie's and Sotheby's, whose annual turnover in New York is now reckoned in billions of dollars, might give the impression that they are the only art auctioneers in town; but there are several other auction rooms in Manhattan, most of which have been in the business a great deal longer than either of the two big shots. Sotheby's landed in New York in 1964 when they took over the established auction house of Parke Bernet, Christie's set up shop in 1977; but the Lubin, Tepper, and Manhattan Galleries have all been auctioning art in New York for almost half a century.

Theirs are the fun auctions. They are advertised as "outstanding" and "exceptional" and they offer, on an almost weekly basis, "magnificent estate collections" of "antique English, French, Continental and American furniture, porcelains, silver, and decorations." Their catalogues are photocopied typewritten sheets which describe the various offerings with an imaginative economy: "Pair Steuben Horses (as is)," "Royal Doulton Crystal Swan," "Polychrome Bronze Buddha," "Louis XVI Style Mahogony Bouliotte table, marquetry inlaid, marble top." Their average gross per sale is about $150,000-$250,000, their annual gross about $5m. Theirs are the sort of sales which might take place in any provincial English town — and they attract a similar clientele — but, as this is New York, a number of the lots can be outlandishly ornate and extravagant.

Many items in these auctions will have come from estates — that is they will be part of the entire contents of someone's house. There will be everyday house furnishings, like sofas and chairs, there will be antiques both real and pretend, and there will be artworks such as sculpture, paintings and prints. And among all of these there may be the buy of a lifetime. At least that is the hope of many of those who bid.

At a recent auction in the Lubin Galleries there was an intriguing handsome black chalk drawing of a stag. It had a handwritten inscription which said "The Challenge by Sir Edwin Landseer, Lovingly Bertie:" it went for $500. At the Tepper Galleries sale the other day was a small sculpted marble relief called "A Renaissance Theme." It depicted an Old Testament heroine seated on a camel, it looked old, and it sold for $1500. In the same sale a pencil drawing of a female nude signed "Epstein" sold for $500.

Did someone find a bargain among this assortment? Perhaps they did but it is not very likely. The "good" pieces at auctions like these, be they in New York or Newbury, tend to be spotted by those in the know and will often actually fetch higher prices than at Sotheby's or Christie's. This is because more than one buyer will have come to the sale for just that item and will not want to go away empty-handed whereas at big auctions, where there is more than one important lot on offer, the bidding may be less intense.

The sale results of the smaller auction houses bear this out. A Queen Anne Chinoiserie secretaire with an estimate of $7000-$10,000 went for $37,000 at Tepper last year while an "unrecognised" painting by Thomas Hart Benton, estimated at $200-$300, was sold for $35,000 in the same rooms. In both these cases it is obvious that more than one expert spotted what was being sold. Lubin Galleries recently obtained a surprisingly high price of $29,700 for a late 19th-century portrait of a lady by L.J.B. Perrault which they had estimated at $3000-$5000, yet such pictures fetch fairly run-of-the-mill prices at Sotheby's or Christie's

The bargains in these lesser sale rooms tend to be found in tables and chairs with no pretensions to rarity, which will be considerably cheaper than if bought new. Paintings, prints and drawings which sell for a couple of thousand dollars or less, will be much better value (if they have quality) than if bought from an art dealer. An Oriental rug can work out less costly than a new, fitted broadloom.

A more specialised New York auction house is Swann Galleries. They deal in rare books, manuscripts, autographs, and photographs. Last year they sold a letter written by Maria Callas for $25,300; next month they have a 1918 letter from Trotsky to Lenin which will probably fetch about the same. In this sale Swann will also be offering an unusual illustrated manuscript: this is of an unpublished short story by Orson Welles

More recently Swann have been selling works of art on paper. Who knows, but perhaps in time they might corner the market for that popular item: cartons of assorted framed graphics.

Homan Potterton

Siren of the silent screen

WATCHING BYGONE film stars in action is like looking at stars in a night sky. The odds are that what you see no longer exists, but to your eye it still sparkles away like mad. The light years separating us from the career of Louise Brooks, who died in 1985 but stopped making films in 1938, have failed to dim her dazzling modernity. Here to champion the fact is a first full-length biography by Barry Paris.

In movies like *Pandora's Box*, *Diary Of A Lost Girl* and *Prix De Beauté*, Louise Brooks was an orchid-cheeked young *temptress* whose favourite emotional gear was a luminous neutral. Her black bobbed hair gave her the nickname "the girl in the black helmet," and on her expressionless beauty and robotic allure men and women alike foundered.

Brooks's impassivity was not that of a Dietrich, with her attitudinising minimalism. It was more a girl-next-door attractiveness transformed by European techniques of seductive disdain. Born in Cherryvale, Kansas, Brooks made her best-known films on this side of the Atlantic and spurned stardom, even when belatedly offered, in Hollywood.

Paris gives an expert account of Brooks's two-phase career. Phase one (1925-1938): fame, fortune and a trail of flapper debauchery across two continents. (Brooks slept with anyone, male or female, for pleasure or advancement.) Phase two (mid-1950s and after): rediscovery, post-alcoholic recuperation and a new career as a waspish writer on film. Kenneth Tynan wrote a famous New Yorker profile of her; Brooks's ironic self-assessments appeared in magazines like Britain's *Sight and Sound*; and Henri Langlois of the *French Cinematheque* pronounced, "There is no Garbo, there is no Dietrich, there is only Louise Brooks."

The author tells a good story, as well he should with a name like Paris. His ancestor, after all, once found himself in a similar position, judging a handful of all-time beauties and awarding the apple to the least expected.

In *The Zanucks Of Hollywood* we meet the man who ruled 20th Century Fox and the clamorously competitive brood he begat: chiefly son Richard Zanuck who out-Midas'd his father in the 1970s and '80s by producing such licences to print money as *Jaws*, *The Sting* and *Cocoon*. (His latest hit is the Oscar-favoured *Driving Miss Daisy*.)

Darryl Zanuck himself was a short, toothy man, more 20th century vole than fox, who seems to have exercised all the dubious tools of the mogul's trade: from screaming over the desk at employees to fashioning extortionate deals to auditioning starlets in a well-upholstered inner sanctum.

Subtitled "The Dark Legacy Of An American Dynasty," Marlys J. Harris's book comes on more like TV's *Dynasty*. Board-room schemings; flouncing wives or ex-wives; slinky mistresses (Zanuck was inseparable for some years from Juliette Greco); sons planning Oedipal overthrow. Plus several of those essential hospital scenes, where drip-feeds vie with ticking clocks to produce life-or-death suspense. It is all shamelessly enjoyable. They do not make moguls like Darryl Zanuck any more, for which on this book's evidence — mesmeric as it is — many readers will give cautious thanks.

Quentin Falk's biography of Anthony Hopkins, *Too Good To Waste*, steers us through a life scarcely less squally than Zanuck's and no less alcohol-prone than Louise Brooks'. The Welsh actor nearly drank himself out of a career during the 1970s, after which he struggled back to sobriety and stardom.

I wish he would struggle back to great acting. The Hopkins who can explode with magnetic wrath in *Othello* or writhe with charismatic evil in *Pravda* seems joined at the hip with a Hopkins who can crank out lifeless Lears and Mark Antonys.

Falk's crisp, un-sycophantic book gets it all down on paper. Hopkins's confessed bouts of boredom with the stage and of frustration with the screen. (He plumbed the depths of inanity with projects like *A Change Of Seasons* and *Hollywood Wives*). Someone should tell the actor that, however much career, Celtic origin and bibulous history may cause him to be confused by the ill-informed with Richard Burton, he is not that lost superstar and need not go down the same path of genius destroyed by jadedness. May this book begin the *reforming* process.

Nigel Andrews

Louise Brooks: a trail of flapper debauchery

LOUISE BROOKS
by Barry Paris
Hamish Hamilton £20, 583 pages

THE ZANUCKS OF HOLLYWOOD
by Marlys J Harris
Virgin £12.95, 336 pages

ANTHONY HOPKINS: TOO GOOD TO WASTE
by Quentin Falk
Virgin £12.95, 205 pages

ARTS

Rosenkavalier tuned to the world of tone poems

Rodney Milnes reviews WNO's new production in Cardiff

THE SUPPOSED gulf separating *Elektra* – the Royal Opera's new production of which is eagerly awaited this evening – and *Der Rosenkavalier* was certainly minimised by the Welsh National Opera's new staging of the latter opera in Cardiff on Thursday. This was by many a decibel the loudest performance of *Rosenkavalier* I have heard, one that placed it firmly in the sound-world of the early operas and tone poems rather than that of all that came after.

Since the pit emerged from under the stage and extended deep into the stalls area, the New Theatre has become a ferociously orchestra-heavy house: the sheer immediacy of sound can be physically overwhelming. The players made little attempt to adjust the volume accordingly, and under Charles Mackerras's direction the overall pacing was – rightly, in the right circumstances – brisk and businesslike, with little undue sentimental lingering.

Fine, but fast does tempt towards loud, and with the singers concentrating above all on being heard, this was a *Rosenkavalier* in which nuance and the suggestive colouring of phrase played little part – and if the work is not to appear flatulent, pretentious even, they should. Quite honestly, with the woodwind in good shrieking form, the pain-threshold was approached more than once, and instead of emerging from the theatre feeling teased, pricked and provoked, one felt more like having been battered about the head and shoulders with a full score of the Alpine Symphony.

The staging was born under a dark star. It was to have been produced by Göran Järvefelt who died so tragically young last year; Carl Friedrich Oberle's decor had already been built, and looked as though it might have formed the frame work for an interesting reading. Colours were brash – aggressive red, vivid blue – and nearer Erté than, say, Ironside; costumes gave a decidedly impressionistic view of the 18th century and sometimes not ev en that. Again, fine, but who knows what Järvefelt might have done with it all?

The WNO was of course lucky to find anyone to take the production at such short notice, and Wolfgang Weber's capable, on the whole traditional direction didn't quite fit the unconventional stage pictures, save for the final kitsch image which was obviously built in: the four principals piled into a tiny coach and trundled into the wings under a light snow shower.

Characterisation, too, was largely conventional, with the countless supporting roles vividly taken by members of the company – there are no weaknesses in that department in Cardiff. Apart from the efficient, slightly faceless Octavian of the American Constance Fee, the three principals were taking their roles for the first time. The most confident was Donald Adams's amiable Ochs: he alone managed consistently to get the words across (in Alfred Kalisch's English version), sometimes at the expense of elegance of line. Amanda Roocroft's soprano, taut at the top, tenuous still at the bottom, is on the plummy side, and does not penetrate orchestral fabric easily; I heard only a handful of words from her Sophie, but then words do not come high on the curriculum of her alma mater, the RNCM.

Rita Cullis's voice grows steadily in resonance and colour without losing a jot of brilliance at the top: she sang the Marschallin with exciting expressiveness, and acted her not as frigid rococo doll but as a hot-blooded, intelligent (three full bookshelves in her bedroom), very self-aware woman. This, too, was something Järvefelt yet again might have developed. As it was, whatever this opera may be about remained unexplored in a dispiritingly noisy and shallow evening.

Alastair Muir

The Marschallin and Octavian: Rita Cullis and Constance Fee

Musician of many parts

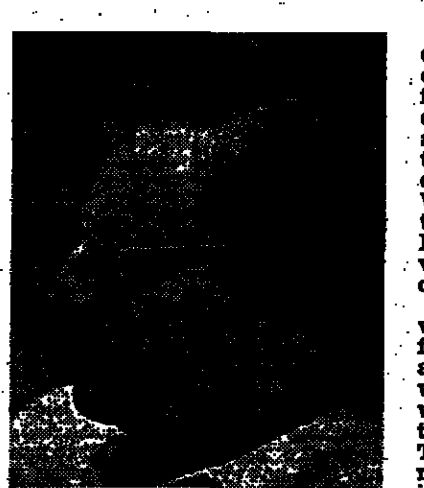
Andrew Clements talks to Dominic Muldowney, whose songcycle 'Lonely Hearts' has its first performance next week

DOMINIC MULDOWNEY divides his time more evenly between pure and applied composition than any other British contemporary composer one can think of. He's been musical director at the National Theatre since 1981, when he succeeded Harrison Birtwistle; in the current season he has supplied the scores for *Hamlet* and *The Good Person of Szechuan*, and is currently working on a project with the poet James Fenton, producing a songcycle and eventually maybe a revue out of Fenton's most recent collection *The Manila Envelope*. Then – "to pay the mortgage" – there are the film scores and music for television, most recently for the BBCTV drama series *The Ginger Tree*.

Meanwhile Muldowney has continued his career as a composer for the concert hall, and established himself as one of the most distinctive voices of his generation. *Lonely Hearts* is a new song cycle which the London Sinfonietta will introduce next week, while he's just completed a Violin Concerto for the Royal Liverpool Philharmonic; then there is a Concerto for orchestra for the BBC, and projecting forward into the mid 1990s commissions for concertos for percussion and trumpet.

Many composers would find such subdivisions of their creative personalities too difficult to sustain but Muldowney has been able to turn it to his advantage, and enabled him to clarify his language. "It's very peculiar being someone who's writing a violin concerto in the morning, completely controlled and in charge of my own material, and then spending the afternoon talking to a film director, who doesn't understand music or how music can function in his film . . . I might end up doing three different things in one day – something for myself, writing for the theatre and involved in a film, and eventually it all got so blurred that I realised I was writing the same music for all three, but that it didn't matter."

Born in 1952, he began as a paid-up modernist, determined to be a composer since the age of 14, studying privately with Birtwistle and then reading music at York University, but at the same time feeling that the current orthodoxy was not for him. "I've always felt out of step with the traditions of the avant-garde, and knew that by the 1970s I wouldn't be interested in the music of the 1950s and 1960s. During the 1970s I almost feared I was being dishonest, because I didn't have any technique not to be – it's all very well feeling you're not happy with the group of composers in which you're included in concerts and by committees, but if you want to make that clear musically, you have to have a huge technique to break away from it. The way I broke out of it was not through musical influences at all, but through the theatre, and particularly through Brecht."



Composer Dominic Muldowney

Working on a series of Brecht productions at the National Theatre opened up the new possibilities, and found its way into Muldowney's concert pieces in a series of songcycles and two collaborations with the Australian actress-singer Robyn Archer on recordings of Brecht settings by Weill, Esler and Dessau. He now feels that he has worked out that vein – hence the interest in setting Fenton's verse – but the sea-change has been crucial.

"I don't feel anymore that I'm awkwardly astride two worlds, I think I've found a world for myself. Now there's a vernacular usage in my music which runs through every bar; it's the way in which I present it that's new, the avant-garde element if you like. The more familiar the materials the more I feel I can make them unfamiliar. It's not as if I feel the avant-garde shouldn't have happened but everyone was running on from each project to something new so quickly that nothing was given time to open and flower."

What he has gained from his grounding in modernism is the ability to manipulate his composition in an entirely fresh way, offering new perspectives on musical objects. He offers analogies with Picasso's Cubism or Hockney's photo-collages – the surface texture may be reassuringly familiar, but the juxtapositions offer a whole new range of meanings. In the Violin Concerto due to be premièred next January, the orchestra is divided in halves, each with its own conductor who is given tempi by means of computer-generated "click tracks" through an ear piece, while the soloist is set between them, sometimes taken his cue from one and then the other, while the music generates teasing, strangely disquieting pulses from the network of interelated pulses.

Lonely Hearts requires a pair of conductors too, for its settings of a sequence of lonely hearts ads taken from the column of *Time Out* magazine. Even that idea though stemmed originally from a Brechtian: when the young Hanns Eisler approached Brecht for a text, the playwright suggested he look elsewhere, perhaps use a commonplace text. Eisler produced his *Zeitungausschnitte*, settings of newspaper cuttings, and these are Muldowney's equivalents; some are self-consciously contrived, others sinister, very few are sad. As he found when trawling through 20 years back numbers of the magazine most are plain dull. But the musical settings, and the way in which Muldowney addresses his audience in them are anything but.

Andrew Clements

Radio

Lampoon of beliefs

"HERESY!" "BLASPHEMY!" Only lines from an Irish comedy, last Saturday evening's *The Unfortunate Fursey*, adapted by Christina Reid from a novel by Mervyn Wall. The Irish, like Salman Rushdie, think it permissible to make jokes about religion. The further back you go, the more curious beliefs there are to mock, and this play, set in the 11th century, takes in the tenets of witchcraft alongside Christianity and Irishness.

Satan (Timothy Bateson), with one Gertie (Fenella Fielding), is determined to secure the soul of the faultless monk Fursey. Haunting the Monastery of Clonmacnoise for 15 days, the demons offer him all the temptations of this world; at the end of it, Fursey, his soul still his own, is kicked out by the Abbot as "the Devil's foothold." So come with me to Cashel, says Satan.

There a witch, Grey Mare, is being tested. Rescue that woman, says Satan, for (being innocent) she is drowning in the stream. Fursey saves her, but is compelled to spend the night with her, and so, in a decent Catholic country, to marry her. Being now a sorcerer himself, he too is tried. He pleads not guilty, so there must be torture. The sexton Cuthbert leads for the prosecution; Prince Apollyon, on a handy visit to Cashel, undertakes the defence.

Fursey, who has slept 40 days and 40 nights in a cave awaiting disembowelling, elopes with Princess Maeve of Cashel in tandem on the broomstick he learnt to ride as a sorcerer. They head for Britain, to open a shop.

Lampoons of existing beliefs are often good fun. I found this play, happily directed by Eoin O'Callaghan, with John Hewitt as the serious Fursey, hilarious, but I have no doubt there will be complaints. Less serious creeds were explored twice during the week, not so hilariously, with little potential for offense.

On Wednesday, Batman featured in *The Lazarus Syndrome*, by Drik Maggs (also director) and Simon Bulivant. It began with a confrontation between Batman and Bruce Wayne, whom addicts know to be the same guy. But Batman is murdered. Who is the false Wayne? Police Commissioner Gordon (Paul Maxwell) searches back through endless sources from DC Comics Inc. for anyone likely, bringing up familiar people such as Robin and his successor Jason and Michael Gough as the unlikely but authentic Alfred Michael Gough, butler at Wayne Manor. Bon Sessions was Batman, but Garrick Hagon was Bruce Wayne. Addicts can hear this ingenious fantasy again tomorrow evening.

On Radio 3 on Tuesday there was the Lenny Bruce legend, in *Lenny Bruce on Bondi* by Anthony George. We hear nothing like Bruce (whom I thought dire when I heard him at the Establishment). Gerry Webster, a PR man is sent some tapes alleged to be Bruce rehearsing new material on Bondi Beach, and flies out to investigate. What we hear is feeble, and it turns out that Bruce was never in Australia. John Bluthal and Terry Mollay do most of the talk, and Nigel Bryant directed. Not even for addicts, this one.

The Scandinavian season on Radio 3 widened its horizon beyond music and drama with a programme on Monday, *Sweden: the Complete Society*, presented by Gunnar Pettersson. Lots of people believe that Sweden has the ideal welfare state (apart from the licensing laws), but is a welfare state enough. It was interesting to hear an overall view, but hard luck that, since the programme was made, political changes rendered it less than up-to-the-minute, especially with respect to the trades unions.

B.A. Young

Salsa on the South Bank

SALSA OR Latin jazz has become increasingly popular here recently so a visit from one of its finest exponents to the Queen Elizabeth Hall, courtesy of the contemporary music network, is timely. Native New Yorker Hilton Ruiz is a pianist whose playing effortlessly combines tight bop skills with fiery mambo rhythms. Equally enthusiastic in club or concert hall setting, his explosive technique at the keyboard is thrilling.

Something of a child prodigy – he played the Carnegie Hall at the age of eight – Ruiz's rise to prominence has been slow but sure. He first went on the road with trumpeter Clark Terry and toured the world with multi-instrumentalist Rahsaan Roland Kirk. More recently he has been seen in London alongside saxophonist George Coleman at Ronnie Scott's.

But back as a leader of an eight piece which features Daniel Ponce on congas, Ruiz is in charge of an energetic Latin team. Playing from the shoulders down, Ruiz shows off to great effect, his solos ending in fist and forearm on the keyboard, the horn section waiting patiently until it is safe to return to the head.

"Something Grand" sets the pace with trombone player Dick Griffin and trumpeter Danny Moore giving the impression of hornsmen enjoying an impromptu jam session with a particularly sharp rhythm section who just happened to show up. Steve Berios driving hard on drums and rock solid bass from Rubin Rodriguez keep it all on track.

"Home Cooking," a Ruiz composition, boils along (problems at the mixing desk notwithstanding) after a cracking intro from Ponce. Sound problems resolved, a rolling blues number allows each band member long and tough solos as Lee Morgan's *Sidewinder* eventually emerges from the smoking percussion to close.

It's hard to capture the sound of salsa in the studio, Ruiz commented before the performance and listening to Thursday's relaxed jam you can see why – it's just too fast and loose.

Hilton Ruiz plays Durham, Dunelm House (tonight). Then on to Llantwit, Major St Donat's Arts Centre; Brighton, Gardner Arts Centre; Coventry, University of Warwick; Birmingham, Adrian Boult's Hall.

Garry Booth

Dance after Balanchine

Alastair Macaulay finds New York City Ballet missing its master

WITH NO other ballet company than New York City Ballet would it be a surprise to find a ballet to Mozart's Prague Symphony.

NYCB was Balanchine's company. From its inception until his death in 1983, it embodied musical principle at its most rigorous, fastidious and enriching. Mr B. – widely and justly called the Mozart of choreographers even in his lifetime – certainly believed that great music inspired great choreography, but seldom, seldom did he attempt to use any Mozart scores for his choreography. The great exception is *Divertimento no 15*, where he found a score to whose sweet sublimity he (and only he) could rise without rashness. But since he died there have been several Mozart ballets at NYCB. *The Prague Symphony*, the work of Richard Tanner, is the latest, its musical hubris the greatest.

This flaunting of the company's founder-choreographer's precepts is the most newsworthy feature of *The Prague Symphony*, a ballet so tepid that it is hard to remember an hour after curtain-down.Here and there, Tanner studiously ties a dance phrase to a rhythmic motif, but he hasn't the craft or the ear to match the intricate power of Mozart's score. Match it? He doesn't seem to realise it's there. The symphony becomes mere mood music. This is a dreadfully tasteful ballet, doodling with those key themes of academic ballet - hierarchy and gender. It reaches a trough of courteous nothingness in the pas de deux for Heather Watts and Jock Soto, which occupies the whole central movement with cautious preamble.

How should NYCB handle its maker? Since his death, there have been several remarkable revivals of ballets Balanchine had put into cold storage – *Liebeslieder Waltzer*, *The Firebird*, *Gounod Symphony*, *La Sonnambula*, and, most surprising of all, *Danses Concertantes*, on which I reported last May. But for every staging that restores Balanchine, there are new ballets and mis-castings of old ballets that bring Balanchine's company down to the level of other ballet companies.

I've mentioned Watts. If this were opera, it would be widely known that she sang flat (her lack of turn-out), was short of breath (see her shortness of phrase) and could only flick at notes high and low (see the steps she cannot sustain or even attempt), and her glib attention to "meaning" would be the cause of wide derision. In both performances of Balanchine's *Midsummer's Night Dream* while I was in New York recently, she and Soto danced the great second-act pas de deux. The great cantilena of its thrilling phrases are so scaled down and chopped up that it seemed as near to *Prague Symphony* as to Balanchine.

Darci Kistler, while I was there, lit up all the repertory she danced. On one programme she danced Balanchine's Bizet *Symphony in C* and his Stravinsky *Monumentum pro Gesualdo*. To *Midsummer* her Titania was as great a blessing as Watts was a blight. Even more than in her performances on the company's 1989 European tour, she now dances Balanchine with full ballerina authority; and I never saw authority so dew-laden or so happy. Full, bright tone; firm, clear phrasing; and radiant innocence withal. She has reached her summer without losing a trace of springtime.

Ballerinas were always essential to Balanchine; now that the supply of new ballets from him to stimulate them is at an end, the interplay of ballerinas and repertory is more delicate and crucial than ever. Merrill Ashley, now the company's senior ballerina, was in gleaming form in *Donizetti Variations*, to which her allegro gifts are well suited, the Verdi *Ballo della regina*, which Balanchine made for her 13 years ago, and the Stravinsky *Movements for Piano and Orchestra*, whose unfamiliar challenges she grasps surely.

A third ballerina, Maria Calegari, who has been off form since 1987, showed her authority and glamour in Balanchine's one-act *Swan Lake*, but nothing of her old incisiveness. Newly promoted to principal status, after many years of fine soloist work, is Nichol Hlinka. For her, and only for her, Martins' conventionally saccharine 1986 *Songs of the Auvergne*, another Watts-Soto vehicle, was worth seeing. Hlinka's multiple pirouettes here, so astoundingly full and sure, were an event of beauty. (Her performances in *Coppelia* were, by all accounts, one of the season's great events.)

NYCB shows other problems. Robert Irving, long the West's greatest ballet conductor, is still named as music director and conductor in chief, but serious illness has now kept him away for months. Though Hugo Fiorato and Gordon Boelzner can each prove superb accompanists on occasion, there is no worthy heir in sight. *Symphony in C* and *Swan Lake*, two of the repertory's most central ballets, were taken far too fast. Act I of *Midsummer* included the worst singing and instrumental playing I have ever heard from the NYCB Orchestra – as bad as the worst fare we've heard at Covent Garden. Though the company lost most of its leading male dancers in the 1980s, it is gingerly in bringing on its talented next generation – led by Damien Woetzel, Peter Boal, Jeffrey Edwards.

There are still numerous reasons why repeated pilgrimages to see New York City Ballet at the New York State Theatre are worthwhile. Balanchine's ballets are the peak of ballet's entire achievement. And, as I have written here before, and as I hope to again, on the right night this is the best dancing in the world – is dancing surely as great as the world has known. But it is an increasingly flukey business to catch it on that right night.

Pelvic undulations

WHAT EVERYONE talked about after Wendy Buonaventura's performance, and during the interval, was her pelvis, her use of it, and the music. "It's belly dancing," said a colleague beforehand, and so it was, though not bare-bellied. Buonaventura's pelvis, in Egyptian style, is as active as many another dancer's feet or hands. It ripples, wobbles or trills. Often it sends a constantly changing series of S-curves through the remarkably vivid lower spine, up the torso, into both arms or down into the legs; and then the spine seems never vertical, but always slanted that way or this to extraordinary degrees. Or the pelvis is isolated: the upper V of the hour-glass figure is motionless and the wide pelvis ripples all alone, sending waves down through the folds of the long skirt.

It is a remarkably musical pelvis. The six musicians of the Hassam Ramzy Ensemble provided accompaniment – and interludes – of a high level. Buonaventura's pelvis had a dynamic variety to match the percussion's rapid interplay of strong and light beats; her undulations matched the wind instrument's murmuring diminuendo of triplets (as in Spanish singing). And witty timing in some sudden strong tips or thrusts.

Her feet either moved in light iambic walking patterns or were fixed to the floor, and her arms, sometimes carrying a veil or stole, rose to make simply wave-like curves at her sides or around her head. Every so often a gesture struck me as a bit Dusty Springfield, but the spell was rarely broken. There were several passages of intimate liaison between performer and one or other solo instrument. And in her great dance cadenzas, as with the foot work of tap or Flamenco, it was a great pleasure to see how she would taper a virtuoso climax smoothly away into a return to the main action of the dance.

To Western eyes, even in the century of the Jazz Age, dancing so vividly pelvic looks automatically naughty – looks, indeed, like whore dancing. And the response of a number of men in the audience, sometimes clapping monotonously as if hearing a disco beat in the music, strengthened that feeling, especially in the dances of the opening *Malful ala Westi (Wrapped Around My Hips)*. Yet the programme assured us that these items, "raqs al baladi," are handed down from mother to daughter, to be either performed in private for the amusement of other women or for public entertainment by professionals.

Everything about the evening surprised. The last dance, said the programme, would be a zaar, "the therapeutic rite to drive away evil spirits," and I was expecting a calmly beneficent close to the evening. Not a bit of it. In a loose dress, at first heavily veiled and then with hair unbound, Buonaventura planted her feet to the floor, stood with knees bent, and thrashed her torso from side to side with mounting intensity, as if exorcising her own demon. Cries and fierce drumming from the musicians. Finally she knelt, to thrash her entire upper body in furious circles. Such urgency, vigour and musicianship makes an exciting end to the ICA "Sans Etiquette" season of women's choreography.

Alastair Macaulay

CHESS No. 812

A trap. The game ended 1 ... a4 2 Nxe6? Re8 3 f5 Rxe6! and White resigned because of 4 fxe6 Qxf2+.

SPORT

Even Japan catches the soccer bug

John Wyles reports on preparations for this summer's World Cup in Italy

WORLD Cup fever has broken out early among a people who had seemed immune – the Japanese. While their long-standing fondness for an American ball game is well known, no-one could have guessed there was a hard core nurturing an Oriental passion for soccer. But 1,500 have bought "See Italy and Watch the World Cup" packages from 90 Tour, the Italian travel company with exclusive rights to sell match tickets linked to holidays.

Roberto Domenici, managing director of ItaliaTour – one of the joint shareholders of 90 Tour – confesses to being taken aback, not just by the strength of demand in Japan but also by the apparent readiness of some soccer pilgrims to sacrifice their jobs in a nation wedded deeply – until recently – to the concept of life-time employment. "No Japanese company gives its employees a month's holiday at a time, yet half of the packages we have sold are for the full World Cup month. Our agents in Japan tell us that many people are simply resigning their jobs," he says.

In preparing for this summer's soccer bonanza, 90 Tour laid out L47bn (£2m) for 600,000 tickets to the tournament's 52 matches, equivalent to 24 per cent of the total available. Domenici says sales are running so well that it has already sold L90bn of the L130bn worth of holiday packages which 90 Tour expects to have been booked by June 8 when the first World Cup match kicks off in Milan. The soccer packages are being marketed in 70 countries through 90 Tour's authorised agents. The only snag for the tournament organisers is the appearance of some cowboy operators in Central and South America. Italia 90, which is managing and co-ordinating Italy's World Cup effort, believes these companies are unlikely to be able to honour their commitments to provide match tickets. The organisers have tried to limit the activities of ticket touts by prohibiting the purchase (through Banca Nazionale del Lavoro outlets around the world) of more than four tickets by any individual.

90 Tour is offering four different packages, ranging from three days around the opening match to 31 days and 30 nights linked to eight matches, including the final on July 8. Clearly, though, the most popular option is the month-long Mediterranean cruise. The 4,000 places on five luxury vessels have already sold out and 90 Tour is under pressure to engage a sixth.

According to Domenici, European nations with teams in the finals are proving the best markets for packages but interest also is strong in the US, which has qualified for Italy and will host the 1994 World Cup. The only serious problem market is Argentina, where demand has been hit by the country's financial crisis.

Cricket/Teresa McLean

Snap, crackle, pop go the West Indies

THERE IS nothing quite like it. Listening to the Test match on the radio late at night is one of the delights of life. I remember doing it when I was working in India many years ago, lying on a camp bed behind a plastic curtain, listening to an English voice delivering a commentary full of quiet excitement and redolent with memories of home.

Last Saturday, I turned on Radio 3 and listened to the first day of the first Test between England, led by skipper Graham Gooch, and the West Indies, complete with crackles, uproarious background noise and surrealist crescendo: West Indies all out for 164. It was grey in England, mean and chilly, which made it all the more exotic to hear about the blue sea, Blue Mountains, palm trees and sunshine at Sabina Park, Jamaica. It was positively hallucinatory hearing about Angus Fraser taking 5-28 with his 20 overs of medium pace on the off stump, and vice-captain Alan Lamb's crunching century. By Monday night, I was awash with the glamour of it all. The West Indies were only 29 runs ahead with just two second innings wickets left. The local commentators discoursed at length on uncertainty and the relationship between cricket and life.

One of the things that strikes any cricket fan without a West Indian holiday home or a satellite dish is that *listening* to cricket from the Caribbean does not provide the little bursts of evocative sound, such as the tinkle of tumbling bails, that you get while listening to cricket in England. West Indian broadcasters prefer the rattle of splendid names. "Well played, Carlisle Best!" cried Tony Cozier, a West Indian journalist and reporter of cricket in England and an official habitué of English commentary boxes, where he talks half as much, half as fast and half as emotionally as he did at Sabina Park.

"Carlisle Alonza Best!" one of his friends reminded him, and they laughed appreciatively together. A good name sings for itself. Best top-scored for the West Indies with a relentless 64, making amends for his damp cloth effort in the first innings when he played into wicket-keeper Jack Russell's hands for only four.

Where cricketing names are concerned, the secret lies in combinations, not individual elements. Where opening partnerships are concerned, the secret lies in the combined surnames, not the names preceding them. Cuthbert Gordon Greenidge and Desmond Leo Haynes have opened the West Indian batting together, successfully, since 1978. Even their comparatively ordinary names edge towards the epic category when spoken in tandem. This is true of English as well as West Indian opening partnerships; the more successful the partnership, the more haunting the combined names – for example, Hobbs and Sutcliffe, Boycott and Edrich.

Greenidge and Haynes have established themselves as a single entity now, with Greenidge the more confident of the two if forced to carry on alone. His wicket in the first innings, with the score at 62, was of strategic importance for England. Haynes was soon caught and bowled by Gladstone Small (himself born in Barbados) and the West Indies were started on their decline.

Small is a bowler of Test class with a skill which, until quite recently, was an English speciality: fast, straight bowling with about one ball each over curling, moving its line slightly, or doing something unexpected. He used his tight technique to get Best, Hooper and Bishop in the West Indies second innings on Monday and never gave anyone an inch to spare for a loose shot.

He opened the bowling with Devon Malcolm at the other end but they are far from being a stable double-act. This was Malcolm's first Test and he was not picked for his stability. He is so erratic that I almost felt cheated when I heard his opening spell for England on Monday being described as controlled – even, at times, accurate. He got both Greenidge and Haynes. Hooper was caught by Larkins in the slips for only eight off one of Small's fast, off-stump deliveries, irresistibly attractive to the edge of the bat. When the fast pair tired, with Malcolm bowling fearful experimental stuff wide of leg stump, they were replaced by Fraser and Capel. Fraser was the better of the two, grimly frustrating for the batsmen, but Richards and Best began to look ominously assured.

There is only a certain amount you can do with a name like David Capel. But Malcolm's middle name is Eugene, one popular with early popes fighting for their independence and power, and his new spell was one of a speed and force that devastated the West Indies. It was more than his customary fast and furious bowling with dangerous moments. He had dismissed Richards leg-before in the first innings and now he bowled him with a fast, leg-stump yorker.

The commentators recited the name Isaac Vivian Alexander Richards slowly, like a liturgical lament, as he walked back to the pavilion. Success gave Malcolm a new confidence and he speed-bowled Dujon, who is an excellent batsman, middle stump. Only rain looked as if it might be able to stop England getting their first victory at Sabina Park. Wednesday was a day of counting puddles and trying to keep morale high. On Thursday, though, it felt almost as if it had been ordained divinely that Larkins should supply the winning hits in such aggressive style.

A bouncer knocked his helmet off. It landed about an inch away from his stumps, leaving the fielding side speechless and Larkins beaming under his torrid curls. You have to do something if you have been given the name Wayne Larkins, and nobody does it better than Larkins.

Two happy men: England skipper Gooch and deputy Lamb

Five Nations Rugby

Waiting on Waldron

TO WALES, to assess the damage after the national team's two thumping defeats in the Five Nations rugby union championship. In a public bar in the Swansea valley, the talk is about the departure of national coach John Ryan and the prospects of his replacement, Ron Waldron.

The question asked most, although usually in more colourful terms, is: "Where do we go from here?" The mood, in short, is generally as black and dismal as the night outside.

"We just haven't got the players," says Ken, who has been at the nickel works all day. Ten years ago, he would have been telling you how Wales were going to demolish Scotland at the National Stadium in Cardiff today. Welsh rugby seems sick at heart.

Yet it is only 10 years since Graham Mourie, then captain of New Zealand's All Blacks, pointed out: "Nobody ever beats Wales at rugby, they just score more points." In those days, he was right. It used to take more than a defeat or two to dent Welsh national pride. But now they are beaten, depressed and dejected. No-one who cares about the game can take much pleasure in seeing a once-great rugby nation in such disarray.

Just one man stands on the peninsula between hope and despair: Waldron, club supremo at Neath and now national team coach and chairman of selectors. For today's game, he brings half the Neath team with him: seven players, five of them in the pack including the entire front row.

"We are hoping for a change of emphasis," Waldron told me. "We want to move to a quicker type of game; more cohesive, more supportive. I am confident that Wales can come back."

Waldron's "change of emphasis" is most significant. Anyone who has seen Neath in action this season will know what he means: ruthless, percentage rugby based on an extraordinarily athletic pack backed by the powerful kicking of full-back Paul Thorburn.

The style tends to be unattractive and intimidating, rather like the crew-cut heads of many of the players, but it is efficient and successful. Certainly, it is the best hope the Welsh have against a Scottish fifteen also noted for their mobility.

After the England debacle, Waldron took a quick look at the cart-horse forwards fielded by Wales and ditched them. He also reviewed the backs, whose defence was sometimes as effective as a chocolate fireguard, and dropped right wing Mark Titley.

These are bold moves and, in less dark days, such apparent bias towards the chief selector's own club would have led to more than a little local difficulty. But desperate measures are needed.

Scotland, of course, must win today to ensure that their match with England in two weeks *is* the grand slam decider. They will be fielding a side unchanged from the 21/0 victory over France, despite some misgivings among the selectors. Chairman Bob Munro says: "We were not 100 per cent happy about every position. We were simply not firing on all cylinders."

It is not often you beat France by that margin and then feel able to make such a statement; but the line-out must remain a worry, particularly with England's dynamic duo, Paul Ackford and Wade Dooley, looming in two weeks. Nevertheless, Scotland are riding high towards their target of a first grand slam since 1984 and only the third in their history.

Ireland, on the other hand, have won only one grand slam (in 1948) and will today be involved in a damage-limitation exercise against the French in Paris. The Irish have not won there since 1972 when the likes of Ray McLoughlin and Fergus Slattery were in the pack and at their peak.

Ireland have been beset with problems including disagreements over the approach of coach Jimmy Davidson and concern over the captaincy of Willie Anderson, who was not really good enough to be in the side, let alone lead it. Today, things change, perhaps for the better.

Donal Lenihan, the popular British Lions lock, is reinstated as captain and will try to pick up Irish pride from the floor. Between him and that objective is the mixed bag that masquerades as a French team this season.

It is surprising to see coach Jacques Fouroux stick by the side that lost to Scotland – apart, of course, from flanker Alain Carminati, sent off for stamping on forward rival John Jeffrey. Perhaps Fouroux has decided simply to write-off this season before building towards next year's World Cup.

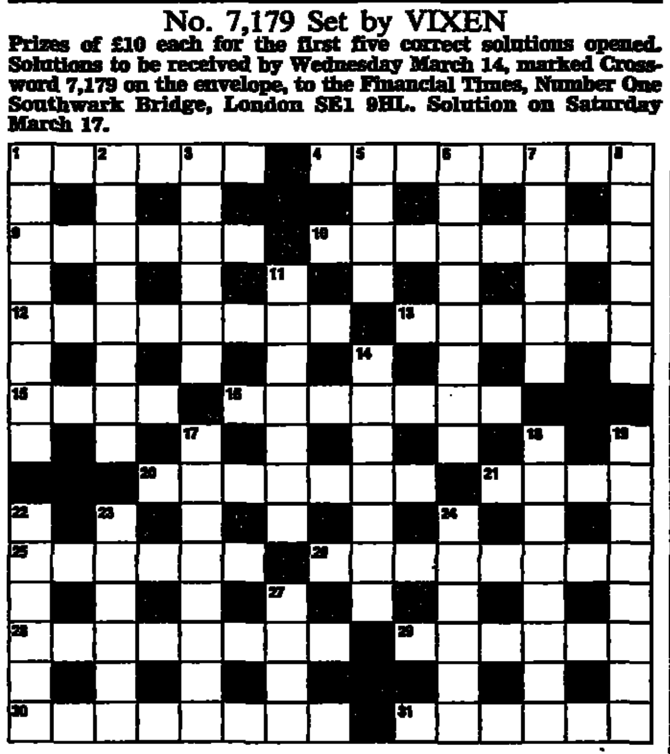
If you take Scotland and France to win today, then you can look forward already to a fortnight from now when England go to Murrayfield to contest what should be the best grand slam decider for a decade. All that lies in the path of that blissful spectacle is Waldron and the Neath factor.

John Kitching

CROSSWORD

No. 7,179 Set by VIXEN

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday March 14, marked Crossword 7,179 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday March 17.



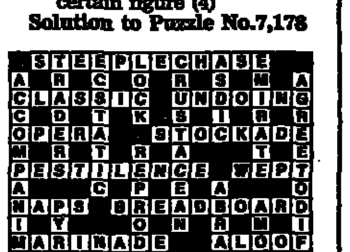
ACROSS

1 A landlord involved in correspondence (6)
4 Supporter of the underworld caught with ill-gotten pile (8)
9 Brown will make a comeback in time as 11 (6)
10 Once porn's dealt with, get food for some Americans (4,4)
12 Several bonds are for a period of ten years (8)
13 All out to impress (6)
15 Arrest the guy! (4)
16 In short, a stingy individual can be trying (7)
20 Ignoble tapestry-maker (7)
21 Many a one called for fish (4)
25 Extremely basic cover (3-3)
26 Didn't like taking action about check-up (8)
28 Discerns deterioration and withdraws (8)
29 Correct about fashion (6)
30 Restrict the cash in irregular situation (8)
31 Time is the main issue (6)

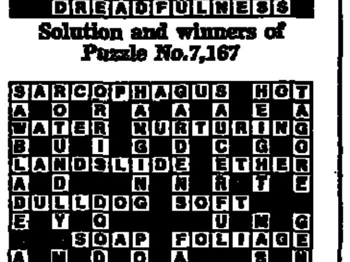
DOWN

1 A woman tucked into smaller portions, as is the slimmer's aim (8)
2 A tool one wants badly (5-3)
3 Property in Oriental country (6)
5 Press for a golf club (4)
6 Study the way a worker may be sustained (8)
7 Possibly finding trip of some benefit (6)
8 Flat accommodating the French team (6)
11 No longer to be presented in colour, it's said (7)
14 A good man on the water – a real trier (7)
17 A gift for the fellow no one thanks on retirement (8)
18 Pictures a vehicle not so new (8)
19 They'd soon divest people of capital! (8)
22 Husbands rushed on board (6)
23 Poles interrupting beasts would appear somewhat less sensible (6)
24 See about the minister turning tough (6)
27 *Lido* to be made over for a certain figure (4)

Solution to Puzzle No.7,178



Solution and winners of Puzzle No.7,167



Miss M. Adams, London SW2; L. Cartwright, Pool-in-Wharfedale, Yorkshire; J.D. Sherwood, Oxford; Mrs Zaida Short, Singapore; Brian Smith, Skelmorlie, Ayrshire.

TELEVISION & RADIO

SATURDAY

†Indicates programme in black and white

BBC1 [illegible]

BBC2 [illegible]

LONDON [illegible]

3:05 Snooker: Pearl Assurance British Open (The Final) and Athletics: European Indoor Championships. 4:45 Results Service. 5:05 ITN News followed by national weather. [illegible]

CHANNEL 4 [illegible]

S4C WALES [illegible]

ANGLIA [illegible]

thirtysomethings, 9pm, Channel 4

BORDER [illegible]

CENTRAL [illegible]

CHANNEL [illegible]

GRAMPIAN [illegible]

GRANADA [illegible]

HTV [illegible]

SCOTTISH [illegible]

TSW [illegible]

TVS [illegible]

TYNE TEES [illegible]

ULSTER [illegible]

YORKSHIRE [illegible]

RADIO [illegible]

BBC RADIO 2 [illegible]

BBC RADIO 3 [illegible]

BBC RADIO 4 [illegible]

SUNDAY

†Indicates programme in black and white

BBC1 [illegible]

CHANNEL 4 [illegible]

BBC2 [illegible]

S4C WALES [illegible]

LONDON [illegible]

ANGLIA [illegible]

SCOTTISH [illegible]

BORDER [illegible]

CENTRAL [illegible]

CHANNEL [illegible]

GRAMPIAN [illegible]

GRANADA [illegible]

HTV [illegible]

TSW [illegible]

TVS [illegible]

TYNE TEES [illegible]

ULSTER [illegible]

YORKSHIRE [illegible]

RADIO [illegible]

BBC RADIO 2 [illegible]

BBC RADIO 3 [illegible]

RADIO 4 [illegible]